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WORLD NEWS

Concessions
for students
on planned
council tax

Hundreds of thousands of students in Britain will be exempt from the proposed council tax under a new concession announced by Mr Michael Heseltine, environment secretary, as he launched the council tax bill.

The government now plans to exempt student hostels, halls of residence and other properties with entirely student households. Page 22; Details, Page 3

Serbia nears agreement
Serbian president Slobodan Milosevic appeared near to accepting the revised European Community peace plan to transform Yugoslavia into a loose association of six independent republics. Page 3

Mexico reforms
President Carlos Salinas de Gortari proposed reforms that would end Mexico's 130-year-old split with the Roman Catholic church. Page 2

New date for talks
The date for talks between prime minister John Major and German chancellor Helmut Kohl, postponed after Mr Kohl's son Peter was injured in a car accident, has been reset for November 10. Bonn doubts, Page 2

TSW seeks review
Television South West, the ITV company which lost its franchise in last month's competitive tenders, said it planned to seek a judicial review of the decision. Page 22

No reprieve
Defence secretary Tom King slapped down hints from Cabinet colleagues that there could be a reprieve for the Gordon Highlanders and the Queen's Own Highlanders, due to merge under armed forces cuts. Page 3

On the ball

England rugby captain Will Carling will lead his team out against the Australians at Twickenham today in the final of the Rugby World Cup. Picture Page 22

Crime squad proposal
The West Midlands police force is considering setting up another serious crimes squad which could employ former members of the previous disbanded squad. Page 4

Record damages award
A new record for road traffic injuries was established in the High Court when Judith Braybrooke of Torquay was awarded a structured damages settlement of £24 million, outstripping the previous highest of £14.8 million.

Asylum bill
The government unveiled its controversial plans to tighten the UK's rules on asylum in a bill aimed at reducing the period in which applications for refugee status are processed from two years to four months. Page 3

MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.7575	New York lunchtime: DM1.8515	FT-SE 100: 2,549.5 (-16.5)
London: \$1.7495 (1.7425)	London: FF5.642	FT-SE Eurotrack 100: 1,006.45 (-4.77)
DM2.905 (2.905)	Y125.85	FT-A All-Share: 1,232.34 (-0.5%)
FF9.875 (9.875)	London: DM1.861 (1.868)	New York lunchtime: DJ Ind. Av. 3,073.79 (+4.68)
FF12.555 (12.555)	London: FF5.675 (5.7025)	S&P Comp: 393.47 (+1.01)
Y22.75 (22.75)	Y102.25 (102.65)	Tokyo close: 130.74
Z index 50.8 (same)	\$ index 83.9 (84.2)	Tokyo close: 130.74
GOLD	Tokyo close: 130.74	US LUNCHTIME
New York Comex Dec \$356.9 (359.5)	London: \$37.8 (same)	RATES
London: \$37.8 (same)	Fed Funds 5%	3-month Treasury Bills: yield: 4.868%
N SEA OIL (Argus)	Long Bond: 102%	yield: 7.866%
Brant 15-day Dec \$22.375 (21.975)		
Chief price changes yesterday, Page 22		

BUSINESS SUMMARY

US jobless
rate raises
fears about
recovery

Fears that the US economic recovery is stalling were heightened yesterday by the first rise in the unemployment rate since June and a fall in the index of leading economic indicators.

The figures, rounding off a week of gloomy economic statistics, prompted fresh calls in financial markets for a more decisive easing of monetary policy by the Federal Reserve. Page 2; Currents, Page 13; World stock markets, Page 19; Lex, Page 22

JAPAN posted a record
monthly trade surplus in September of \$10.9bn (\$9.3bn), 41 per cent higher than a year ago. Page 22

LONDON equities: At the close, the FT-SE index was 16.5 down with dealers wary of the loss of the 2,550 mark. This week, the first leg of the two week equity account, has seen the market recover less than half of the loss of the previous week. Sentiment has been swayed by views on whether or not the domestic economy is beginning to recover from the recession. The speech in the City on Thursday evening by Norman Lamont, the UK chancellor of the exchequer, did little yesterday to bolster the London stock market's hopes for early economic revival. London stocks, Page 13

NATIONAL HOMES: Losses perhaps as great as \$50m have been forecast for the annual results of National Home Loans, one of the stars of the 1980s housing boom. Page 8

CBS, US media group, after a delay of nearly a month in reporting third-quarter results, turned in a loss of \$169.1m (\$98m) or \$11.11 a share from continuing operations. This reflects an additional after-tax provision of \$18.5m for further losses from baseball and football coverage. Page 10

LLOYDS BOWMAKER is to shut down the branch network of its dealer finance division, which sells loans for car purchase, with the loss of 350 jobs between now and next spring. Page 4

HYUNDAI Group, South Korean conglomerate, its founder Chung Ju Yung and eight members of his family must pay taxes and penalties totalling won 136bn (100m) for the evasion of inheritance and capital gains taxes and illegal share transactions. Page 3

MITSUBISHI Motors, Japanese car maker, reported a 3.9 per cent dip in non-consolidated interim pre-tax profits to ¥25.1bn (£12m). Page 10

MACARTHUR, retailer and drugs manufacturer, has escaped being taken over. Grampian Holdings, Scottish mini-conglomerate, said its £53m all-paper offer had been accepted by only 10.9 per cent of MacArthur's ordinary shareholders by the final close. Page 8

GEC-Marconi has bought the missile business of rival Pernt for £38 million. The business, which has 275 staff, specialises in the design and supply of precision guided missiles and has an order book worth in the region of £200 million.

DELTA Air Lines launched its biggest international expansion in its 62-year history with the doubling of its transatlantic flights and the opening of its new international hubs at New York and Frankfurt. Page 10

European group excludes UK airline from studies on new jumbo

BA-Airbus relations worsen

By Paul Belts in London and Andrew Hill in Brussels

AIRBUS INDUSTRIE has decided to exclude British Airways from its current studies to develop a new 600-800 seater jumbo airliner as relations between the European aircraft manufacturer and the UK carrier have plummeted to an all-time low.

The European aircraft manufacturing consortium, in which British Aerospace has a 30 per cent stake, has also banned its staff from using BA flights. It also emerged yesterday that Airbus had further snubbed BA by not inviting the airline's top management to the lavish festivities in Toulouse last month celebrating the roll-out of its new A340 long-range aircraft. So bad are relations between

the two companies that Mr Jean Pierson, the Airbus chairman, and other senior Airbus executives have indicated they see no point in pursuing contacts with BA's current top management led by Lord King, the chairman, and Sir Colin Marshall, the deputy chairman and chief executive.

Personal relations between Mr Pierson and Lord King have also been soured because of BA's decision in August to choose the rival US Boeing 777 widebody aircraft rather than the A340 in a new \$5bn aircraft order.

Mr Pierson feels that Airbus has been used by BA as a "stalking horse" in the airline's negotiations for new aircraft with Boeing. It believes it

has little chance of winning aircraft orders as long as the current BA management remains in place and continues to reject Airbus products in favour of Boeing aircraft.

Airbus has consistently lost out to Boeing in the last four BA new aircraft procurement campaigns.

Mr Pierson has written to Sir Leon Brittan, the European Commissioner in charge of competition, asking him to investigate BA's latest deal with Boeing and the airline's policy of systematically buying Boeing aircraft.

The letter is said to allege that Lord King and the US General Electric company, which won the Boeing 777 engine order against

Rolls-Royce, distorted competition by creating conditions favouring Boeing over Airbus.

Mr Pierson's letter coincides with a separate enquiry by the UK Office of Fair Trading into BA's £272m sale to GE of its engine overhaul plant at Treforest, near Cardiff. This coincided with BA's order for GE engines to power its new Boeing 777s. The GE deal was a serious blow for Rolls-Royce, BA's traditional engine supplier.

The disclosure of the details of Mr Pierson's letter to Sir Leon has further inflamed relations between BA and Airbus. BA said yesterday it had not seen Mr Pierson's letter. But it emphasised that if the Airbus allegations have been reported

correctly, especially those specifically directed against Lord King, they were "totally unfounded and wrong and would be strongly repudiated".

A senior EC official confirmed the EC directorate was looking into the Airbus complaint, but Brussels does not believe, at this stage, that the case has serious anti-competitive implications. BA also said its aircraft and engine acquisition decisions were taken with what the airline felt were the best interests of the company and its shareholders in mind. "When we make these decisions, we deal with all manufacturers on the same basis and we consider dispassionately the technical

BT prices
likely to
be referred
to MMC
says Ofel

By Hugo Dixon and Roland Rudd

BT's prices will probably be referred to the Monopolies and Mergers Commission when they come up for review next year, a senior official of Ofel, the telecommunications watchdog, said yesterday.

This followed BT's announcement of pre-tax profits of £1.61bn for the six months to the end of September, a rise of 5.1 per cent on the same period last year.

In spite of being lower than expected, the rise in profits was condemned by opposition parties and user groups.

Mr Gordon Brown, Labour's trade and industry spokesman, urged BT to cut its prices immediately.

He said that the company's profits were "way above" those of European and US telephone operators.

An analysis published yesterday by the Financial Times showed that the British telecommunications group could cut its prices by £1bn a year and still earn profits comparable to the rest of British industry and telecommunications carriers elsewhere.

Sir Bryan Carsberg, Ofel's director general, refused to comment on the FT analysis.

Mr Iain Vallance, BT's chairman, dismissed the FT's analysis as "nonsense jumbo". He said that the company should be judged on its prices which he claimed were "generally about the same" as in North America and "roughly about the same" as in Europe.

The Association of British Insurers, which represents leading institutions, met SG Warburg yesterday morning. The bank, the government's leading financial adviser for the share sale, confirmed that it would be seeking a series of meetings with Ofel.

Continued on Page 22

Editorial Comment, Page 6
BT rises 5%, Page 8
London stocks, Page 12
Lex, Page 22

Bitter
clashes at
Mideast
talks

By Hugh Carnegie, Victor Mallet and Tony Walker in Madrid

A FIRM warning by Mr James Baker, the US secretary of state, was given yesterday to Arab and Israeli leaders not to break off talks.

The warning came after bitter exchanges between Israel and Syria threatened the progress of Middle East peace negotiations.

The ceremonial sessions of the first peace talks attended by Israel and all its Arab neighbours ended in acrimony when Mr Yitzhak Shamir, the Israeli prime minister, accused the Syrian government of being "one of the most oppressive, tyrannical regimes in the world".

Mr Farouq al-Sharaa, the Syrian foreign minister, said



Point and counter-point: emphatic exchanges between James Baker and Yitzhak Shamir yesterday

Kaunda heads for defeat
in Zambian elections

By Patti Waldmeir in Lusaka

PRESIDENT Kenneth Kaunda of Zambia, one of Africa's foremost statesmen, was last night set to be removed from office after his country voted resoundingly to reject one-party rule and his personal version of African socialism.

With results in from half the constituencies in Zambia's first multi-party elections since 1980, Mr Kaunda was heading for a humiliating defeat. He had polled only 20 per cent of votes cast while his challenger, Mr Frederick Chiluba, a 48-year-old trade unionist, polled nearly 80 per cent.

Mr Kaunda's United National Independence Party (Urip), which has ruled Zambia since independence in 1964, fared even worse, gaining only eight seats so far in the new 150-seat parliament, against 67 for the opposition Movement for Multiparty Democracy (MMD).

If final results confirm this trend as expected, it would prove the most dramatic defeat yet for the political and economic systems which dominated post-independence Africa. The success of the poll - which was certified free, fair and peaceful by international observers - will weaken the hand of Africa's remaining one-party rulers, who argue that political pluralism inevitably leads to violence and chaos.

Zambia could be a model for other African countries seeking peaceful transition to democracy: neighbouring Angola and Mozambique are to hold multi-party polls soon.

Residents of the capital, Lusaka, began celebrating the end of Mr Kaunda's 27-year rule soon after the first results were announced early yesterday.

By evening, township streets were filled with singing, dancing crowds, chanting MMD slogans. In every yard and doorway, residents gave the MMD salute, raising a finger and thumb in the shape of the hands of a clock, to illustrate the MMD slogan "the hour has come for change".

Zambia's well-meaning but impractical leader Page 3
Changes in Africa Page 7

There was little sign of personal animosity to Mr Kaunda, who said before the poll that he would accept the result and retire to form an active opposition to the MMD, a broad coalition of trade union and business interests which has pledged a pragmatic economic policy including widespread privatisation, and to pursue an economic restructuring policy with the international monetary fund and world bank.

Neither Mr Kaunda nor Mr Chiluba had made any statement by yesterday evening. Many township residents said they believed Mr Kaunda had been a good leader who stayed too long in power. But they complained of the corruption, nepotism and economic mismanagement which flourished under him.

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INTERNATIONAL NEWS

FINANCIAL TIMES WRITERS REPORT FROM THE MIDDLE EAST PEACE CONFERENCE IN MADRID

Ancient conflicts cast shadow over talks

By Victor Mallet

ASK anyone in the Middle East to explain an incident which happened yesterday, and as often as not your interlocutor will refer you back to the Second World War, the Crusades, or the biblical kingdoms of David and Nebuchadnezzar.

Racial memories in the region, stretching back to the birth of civilisation and the beginning of recorded time, are charged with hatred that President George Bush pleaded with Arabs and Israelis to "lay down the past" when he opened the Middle East peace conference on Wednesday. "History," Mr Bush said, "need not be man's master."

His audience ignored the advice. Speaker after speaker delivered contentious historical lectures and found time to label the historical interpreta-

tions of their opponents as "fantastic distortions", "a total forgery" or "utter lies". Mr Yitzhak Shamir, the Israeli prime minister, and Mr Farouk al-Sharaa, the Syrian foreign minister, were the worst offenders. Mr Shamir went back 4,000 years and, conveniently ignoring the Palestinians for a moment, said no Jews had regarded Palestine as an unattractive land. "No-one wanted it," he said.

Mr al-Sharaa declared implausibly that Syria had "never carried the banner of war and destruction", and he only came close to the grim truth about life in Syria when he announced unashamedly that Syrian Jews enjoyed "the same freedom as any Syrian citizens".

Perhaps it was a sign of the

intensity of the Arab-Israeli conflict that Mr Shamir and Mr al-Sharaa were most truthful when they were at their most vituperative. Syria, Mr Shamir said yesterday, was "one of the most oppressive, tyrannical regimes in the world". Mr Shamir, retired Mr al-Sharaa, was a former terrorist himself. The conference in Madrid's royal palace was itself an historic occasion. For the first time, Israel shared a forum with all of its Arab neighbours. For three days in the Hall of Columns, each side heard at first hand the prejudices, fears and hopes of the other. It is true that there were few serious contacts between Israelis and Arabs, and no concessions made by any of the delegates, but neither contacts nor concessions were expected at this

early, ceremonial stage. Perhaps the most intriguing development of the week was the improved international image of the Palestinians and Israel's failure to push them onto the sidelines.

At the insistence of Israel, the Palestine Liberation Organisation and Mr Yasser Arafat, its uncharismatic leader, were formally excluded from the conference, leaving the platform to Dr Haider Abdel-Shafi, an amiable doctor from Gaza, who headed the Palestinian team in Madrid. While making clear his loyalty to the PLO, he seemed to have made his mark with a quiet but impassioned plea for Palestinian rights.

As expected, Israel, Syria, Lebanon, Jordan and the Palestinians set out their maximum demands in their formal

speeches at the conference. The question hanging in the air yesterday was whether the three days of letting off steam had simply entrenched old prejudices or provided the momentum required to launch real negotiations.

Last night Mr James Baker, the US secretary of state, was still struggling to resolve a dispute over venues for the talks and to persuade Israel and each of its enemies to start the scheduled round of bilateral negotiations.

To achieve that, Mr Baker wants to add one more problem to the historical scrapheap. "That old taboo that Arabs and Israelis cannot meet and cannot talk," he said this week, "is now something that we want to relegate to history."

Closing session of bitter attacks

By Tony Walker

MR Yitzhak Shamir's past came back to haunt an extremely bitter closing session of the Middle East peace summit yesterday.

In response to Mr Shamir's accusations that Syria was "the home of terrorism", the Syrian foreign minister, Mr Farouk al-Sharaa, laid aside his prepared text and launched a personal attack on the Israeli premier, who had left the conference hall to return home.

Heating up a "wanted" picture of a 32-year-old Mr Shamir, issued by the British authorities in connection with the killing of Count Bernadotte, who was seeking to mediate an end to the conflict between Arabs and Jews over the UN plan in 1947 to partition Palestine into Jewish and Arab states.

"The Israeli leader, in his concluding remarks yesterday in Madrid, said that he had accused Syria of being the 'home of a host of terrorist organisations that spread violence and death to all kinds of innocent targets, including civil aviation, women and children of many nations'."

Mr Shamir added: "I could go on and recite a litany of facts that demonstrate the extent to which Syria merits the dubious honour of being one of the most oppressive, tyrannical



ITZHAK YEZERITSKY

Age : 32 years
Height : 185 cms
Build : Heavy
Complexion : Sallow
Hair : Brown
Eyes : Brown
Peculiarities : Thick eyebrows
Peculiarities : Thick eyebrows
large ears : unkempt appearance : uses disguise as rabbi
Nationality : Polish
Occupation : Clerk.

"Wanted" poster for Shamir shown yesterday by Syria

regimes in the world, but this is not what we have come here for."

The Israeli leader's accusations brought to the surface years of bitterness between Israel and Syria, the huge task facing Mr James Baker, the US secretary of state, in trying to advance the cause of peace.

Baker warns: We can't make peace for you

The following are extracts from the closing address by Mr James Baker, US secretary of state:

This conference demonstrates vividly the end of the Cold War and the flowering of the US-Soviet partnership in resolving regional conflicts. Where we once competed, we now co-operate. Where there once was polarisation, there is now ordinariness. What was once unthinkable - the United States and the Soviet Union co-sponsoring a process of peace in the Middle East - became a reality this week.

The parties have made clear that peace by itself is unachievable without a territorial solution and security; that a territorial solution by itself will not resolve the conflict without there also being peace and security; and that security by itself is impossible to achieve

without a territorial solution and peace. The process on which we are embarked can work only if all issues are satisfactorily resolved.

The United States at the highest levels, will remain intimately engaged in this process. We expect to be available to the parties throughout this process. The United States and the Soviet Union are prepared to participate directly in the negotiations themselves, with the consent of all parties.

We will do our part. But we cannot do your part as well. None of this will relieve you - the parties - of the obligation of making peace. If you won't do it, we certainly can't.

As I travelled through the region, I witnessed terrible scenes of human tragedy, suffering and despair. Innocent civilians caught in the crossfire of a

conflict they wish would end. Refugees and displaced persons wandering across the deserts of this intractable conflict - to join together to discuss your differences. This week... you finally have met and held such a meeting.

This has been a start, a good start, an historic start that has broken old taboos, an important start that opens the door to a new era of peace. It is a start and that's not enough. You must not let this start become an end.

When you walk out these doors, you carry with you great responsibilities. You carry with you the responsibility to your peoples to seek peace. You carry with you the responsibility to the world to build a comprehensive and just peace. You carry with you the responsibility to yourselves to break with the past and pursue a new future.

Man in the News, Page 6

US jobless rate raises fears about recovery

By Michael Prowse in Washington

FEARS that the US economic recovery is stalling were heightened yesterday by the first rise in the unemployment rate since June and a fall in the index of leading economic indicators.

The figures, rounding off a week of gloomy economic statistics, prompted fresh calls in financial markets for a more decisive easing of monetary policy by the Federal Reserve.

Mr Philip Braverman, chief economist at DKB Securities in New York, said the employment report showed the economy was "slipping back into recession". The sharp drop in hours worked sent the "signal that gross national product might contract in the current quarter". The need for further easing by the Fed was "blatant and obvious".

Mr Thomas Foley, the Democrat speaker of the House of Representatives, said the econ-

omy was "definitely not responding" and urged early enactment of a \$5.8bn (£3.4bn) bill to extend unemployment benefits by the end of the year. Leading Republicans urged President George Bush to take a bolder line on the economy and press hard for a cut in capital gains tax.

The Fed this week engineered a quarter-point cut to 5 per cent in the federal funds rate - the rate at which banks lend to one another. But the White House and many private-sector analysts believe sterner measures - including a cut in the discount rate, currently 7 1/2 per cent - are warranted. The Fed's policy-making committee meets on Tuesday to review monetary policy.

The Southwest Bank of St Louis, seen as a bellwether, yesterday cut its prime lending rate a quarter point to 7 1/4 per

cent, apparently in anticipation of easing by the Fed. Analysts expected an increase in jobs in October of at least 25,000 but the overall figures were flat. Aggregate hours worked fell sharply, indicating likely weakness in production this quarter.

The unemployment rate rose 0.1 to 6.9 per cent, the first rise since June. The rate of leading indicators, which is used to predict economic turning points, fell by 0.1 per cent in September, the first decline since January.

Employment in cyclically sensitive sectors fell sharply. Manufacturing shed about 30,000 jobs for the second month running, erasing job gains in July and August. Construction employment dropped 30,000, continuing a downward trend that has reduced payrolls by 10 per cent in 18 months, while retailing shed 45,000 jobs.

Budget blow to stealth bomber

By George Graham in Washington

CONGRESSIONAL leaders have reached a compromise on this year's US defence budget, which will provide for the development of the B2 stealth bomber but also allow for deployment of an anti-missile defence system developed by the Strategic Defence Initiative (SDI).

The Senate and House leaders yesterday reached a \$291bn (£169bn) defence spending agreement that rejected President George Bush's request for \$2.9bn to fund four more B2s this year.

Their bill would also provide \$4.1bn to develop further an SDI defence against ballistic and tactical missiles, and would authorise its deployment by 1996. This is considerably less than the \$5.2bn requested by the administration but more than the \$3.5bn earlier approved by the House, which has been consistently more hostile than the Senate to SDI.

The administration wants to continue the B2 programme, with a final goal of 75 bombers. But the agreement Congress appears likely to halt the programme once the 15 B2s already authorised and under construction are completed.

The B2's viability has been questioned recently in light of the reduced Soviet threat, its high cost and its apparent inability fully to evade radar detection.

When President Bush announced in September that he would cut the number of deployed nuclear missiles and take the US nuclear bomber force off alert, the B2's hopes of survival dwindled.

While the B2 may be a casualty of the end of the Cold War, SDI has been given a new boost by evidence that more third world countries have developed ballistic missiles.

Bonn doubts on Emu opt-out clause

By Quentin Peel in Bonn and Ivo Dawnsay in London

GERMAN officials yesterday confirmed their reservations about the general exclusion clause proposed by the Netherlands which would allow Britain to opt out of European economic and monetary union (Emu) at the last moment.

They accept that a special arrangement must be made for Britain, but are opposed to a deal which would in effect allow any other member state to opt out as well.

German opposition to the clause, which emerged after talks between the Chancellor's Office, the Finance Ministry and the Bundesbank this week, is a serious new stumbling block in negotiating the Emu treaty, hitherto regarded as

much closer to agreement than the parallel treaty on European political union.

The problem seems certain to be high on the agenda at the reorganised meeting between Mr John Major, the British prime minister, and Germany's Chancellor Helmut Kohl, which was put off yesterday after Mr Kohl's son Peter was injured in a car accident.

A new date for the informal talks has been set for November 10, immediately after the Nato summit in Rome. It is seen on both sides as a crucial session to clear the air and seek compromise, in the final weeks of negotiations.

The Germans believe an opportunity for Britain to opt

out, depending on a final vote in Westminster, can perfectly well be met by an individual declaration attached to the Emu treaty. Britain argues that it must have a fully fledged, legally binding clause.

The German objection is that an all-embracing clause could create a veritable litany of failed Emu process, allowing any number of other member states to opt out at the last minute. A member state other than Britain might seek to gain new concessions at the last minute in exchange for its participation.

There is also a suspicion among diplomats in Bonn that the German anxiety reflects in part a fear that when the real-

ity of Emu comes closer, influential parts of the German establishment might oppose its introduction. That could even include the mighty Bundesbank, fearful that the currency union would create a weaker currency than the D-Mark.

In London, Downing Street says the UK government remained confident that Britain could reach agreement with Germany on the "opt-out" provision.

While officials claimed it was "much more sensible" to have a general opt-out clause available to all 12 member states, it was hinted that the UK could, if pressed, accept wording which confined the option to Britain alone.

Struggle for bank reform bill

By George Graham

ADMINISTRATION officials and Republican congressional leaders were working yesterday to salvage a far-reaching bill to reform the US banking system, after losing a series of votes in the House of Representatives.

Congress has been working on the bill for 10 months, but the version that is emerging from the closing stages of the legislative process has changed radically from that proposed by the administration in February.

The House bill would close a chapter in US banking history by repealing the 1933 Glass-Steagall Act which set up a rigid barrier between commercial and investment banking.

But Congress has added new "firewalls" between the two types of banking. The administration, backed by many big banks, says these would make it even harder for them to enter businesses such as stock-broking, securities underwriting and insurance.

The administration, which says this version is a step back from the original, is now counting on the Senate to pass a version of the bill closer to its original draft.

A conference to reconcile the House and Senate drafts could then, officials hope, produce a version they would find acceptable.

Treasury officials have threatened to recommend that President George Bush veto

the bill if it ends up including the firewalls that the House has agreed to.

If Mr Bush did veto the bill, he would also have to assume the risk of killing its other provisions - notably the authorisation to give up to \$70bn (£40.6bn) of extra resources for the deposit insurance fund, which is fast running out of money because of the rate at which it has had to pay out to the depositors of failed banks.

The Federal Deposit Insurance Corporation, which manages the fund, has warned that it badly needs the additional funding authorisation before Congress ends its current session, probably towards the end of November.

Confusion grows over pace and content of economic reform

Yeltsin wins sweeping new powers

By John Lloyd in Moscow

MR Boris Yeltsin, the Russian president, was yesterday invested by the Russian parliament with extraordinary powers to push through a programme of radical economic reform.

However the confusion over the pace and content of reforms grew as Mr Yeltsin appeared to drop the plan he announced only the previous day to abolish the Soviet state bank (Gosbank) and create a Russian central bank and a Russian currency.

Mr Ivan Silayev, who was confirmed as chairman of the Inter-Republican Economic Committee - the remaining vestige of Soviet government - said Mr Yeltsin had "changed his mind". This followed agreement by the committee to re-examine a request made by Soviet President Mikhail Gorbachev last month for R330bn (£10bn) to be extended by Gosbank to cover the union

A fire broke out at the Chernobyl nuclear reactor yesterday, the second incident there in less than a month. Government officials say no radiation was released at the plant, the site of the world's worst nuclear accident just over five years ago. The blaze was put out within 40 minutes.

budget deficit. The parliament yesterday passed, with overwhelming majorities of more than 20 to 1, bills giving Mr Yeltsin the right to:

- ban all elections and referenda on Russian territory until December 1 next year;
- cancel all legislation passed by local and regional assemblies;
- create or cancel all executive bodies of power;
- override all previous legislation;
- limit parliament to discussing only that legislation approved by the president.

But the various statements made by Mr Yeltsin and his

aides yesterday reflect fears of the social effect of the "shock therapy" demanded by Mr Yeltsin in his speech to the parliament on Monday, in which he called for massive price rises.

Mr Yeltsin, for example, said on Thursday that price controls would stay on a wide range of goods, though prices of those would be raised. However, even a limited price liberalisation - due to be effected before January - was called into question by Mr Gennady Burbulis, the Russian state secretary and one of Mr Yeltsin's closest aides.

Mr Burbulis said "we can't free prices until we create at

least some kind of dynamism in basic privatisation. In conditions of economic monopoly, freeing prices will yield nothing. We will not release a mechanism of real competition between producers."

Mr Yeltsin has also made clear that Russia will charge world prices for its exports to all republics which have not signed either a political or economic agreement - a measure which would, at present, include the already-independent Baltic states as well as Ukraine, Georgia, Moldova and Azerbaijan.

The Group of Seven industrial countries is considering deferring repayment of Soviet debt because the Soviet Union is short of \$4bn (£2.3bn) to cover debt servicing for the current year. Mr Viktor Gerashchenko, chairman of the Soviet State Bank (Gosbank), told the Japanese newspaper Nihon Keizai Shimbun,

German plan for finance watchdog

THE Bonn government has come down in favour of a central regulatory authority for the German financial services industry. The move represents a significant "turning-up" of the government's position on an issue which is considered vital for the future of Germany as a financial centre, David Waller writes from Frankfurt.

The decision follows a summer in which a series of insider-dealing cases has exposed the limitations of the German regulatory environment. Details of how the new body will operate have yet to be formulated but the decision seems likely to pit Bonn against the government of the 16 Lander.

The Lander believe that they have the competence to regulate the German markets and a first sign of their opposition to a centralised authority came yesterday as Dr Jürgen Wefelmeier, state secretary in the economics department of Hesse, said in Frankfurt that the governments of the Lander should reject a Bonn-imposed solution.

The government's decision in favour of a centralised authority was spelt out by Dr Horst Kohler, state secretary of the German finance ministry, at a meeting of senior bankers and stock-exchange officials in Bonn earlier this week.

Salinas plans to recognise church

PRESIDENT Carlos Salinas de Gortari of Mexico yesterday proposed reforms that would end the Mexican state's 130-year-old split with the Roman Catholic church, Damian Fraser writes from Mexico City.

In an historic state-of-the-union address, Mr Salinas implied that his government would soon legally recognise the church. A senior government official says this should lead to a resumption of diplomatic relations with the Vatican. These were broken off in 1861 when President Benito Juárez told the papal nuncio to pack his bags in the shortest time "absolutely necessary to prepare your trip".

Mr Salinas also backed plans to encourage Mexico's *ejido* (indigenous community) farm sector, which employs some 2.5bn people, to form business partnerships with the private sector, and implied that Mexico's dynamic land redistribution laws would be scrapped.

The president announced proposals to restructure Mexico's educational system, handing over much of the responsibility for education from the federal government to the country's states and municipalities.

He did not specify the church reforms, but government officials say the Mexican Congress will be presented with legislation in the next few weeks.

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INTERNATIONAL NEWS



ON THE WAY OUT: Kaunda, too many years at the top have taken their toll

Zambia's well-meaning but impractical leader

Our Foreign Staff look back at the turbulent career of Kenneth Kaunda after yesterday's poll defeat

WITH his ever-present white handkerchief and a propensity to tears when moved by events, Kenneth David Kaunda - "KK" as he is universally known - seemed a fixture not only on the African stage but an instantly recognisable participant at conferences around the world.

In theory, a political comeback after yesterday's overwhelming defeat in Zambia's first multi-party elections for some two decades is possible. But time and personal tribulations, including the death of one son from AIDS and the arrest of another on a murder charge, have taken their toll.

Greying, slightly stooped and looking all his 67 years, his appearance at last month's Commonwealth conference in Harare had an almost valedictory air about it. In characteristic KK style, he tried to launch a diplomatic initiative, suggesting to fellow heads of government that they invite South Africa's four main political leaders to address them.

As the first president of Zambia, he had a baptism of fire. Hardly a year after he took office in 1964, Ian Smith announced that the unilateral declaration of independence. Zambia never managed to recover from the cost of an ultimately futile attempt to impose sanctions against Salisbury (now Harare), and the guerrilla war that put Zambia in the front line.

In was in the southern African arena that he made his

mark. As a leader of what became known as the Frontline states, Mr Kaunda played an important role in the creation of an independent Zimbabwe in 1980, and took an active part in the debate over the future of South Africa until the release of the black nationalist leader Mr Nelson Mandela in 1990.

On the domestic front he committed Zambia to policies that largely failed. He nationalised not only the mining sector, the economy became dominated by central government controls, justified in the name of his own homespun philosophy of Zambian humanism, a somewhat vague, Christian-inspired doctrine which called for human dignity and condemned exploitation.

These beliefs were not enough to rescue Zambia from the ills which afflicted the rest of the continent - a heavy foreign debt, collapsing infrastructure, neglect of farming, and a dependence on the export of a single commodity, in this case copper.

After the end of the copper boom in the 1970s Zambia became progressively poorer and more resentful. Avenues for protest were closed and Zambia became a one-party state in 1972. Mr Kaunda appeared to be entrenched as Life President in all but name. Anger, turned to violence both in 1986 and in 1990 when the government increased the price of maize, the staple food, and in the latest riots at least 26 people were killed.

In a turbulent continent he presided over more than two decades of peace following Zambian independence. But the constant shuffling of potential political challengers from

one ministerial post to another, from government in Lusaka to ambassadorial posts abroad, or from the administration into private life, left a legacy of uncertainty and a sense of drift.

Foreign and domestic policies were both marked by misjudgments and sudden changes of direction which weakened Zambia's prestige and damaged its economy.

He befriended and then rejected the Unita rebels in neighbouring Angola: he embraced and then spurned the black nationalist doctrine which called for human dignity and condemned exploitation. He was linked to look beyond the country's borders when appointing the blame for Zambia's precipitous decline, pointing at low commodity export prices and the high cost of imported oil even when copper prices were soaring and oil prices low.

At the same time, Mr Kaunda was praised abroad for his courageous efforts to resolve Africa's conflicts through dialogue rather than fighting. He was not afraid to meet such figureheads of white supremacy as John Vorster and Ian Smith.

Internationally he became particularly well known for his forthright condemnations of apartheid, his championing of the sanctions campaign against Pretoria, and his dire predictions of a regional blood-bath.

Perhaps posterity will judge that he should have made way for a successor, retired, a respected elder statesman, instead of hanging on too long to the reins of power.

Hyundai, founding family face £106m in tax penalties

By John Ridding in Seoul

THE Hyundai Group, its founder Mr Chung Ju Yung and eight members of his family must pay taxes and penalties totalling won 136bn (£106m) for the evasion of inheritance and capital gains taxes and illegal share transactions, the Office of National Tax Administration announced yesterday.

The tax penalty is the largest ever imposed on a business group in South Korea. It will add to growing tensions between the government and the chaebol, the conglomerates which dominate the Korean economy, and may signal a government initiative to limit the transfer of wealth between generations of the families which control the large business groups.

Executives of the Hyundai Group, one of South Korea's largest conglomerates, which makes products ranging from ships to cars and semiconductors and is also active in financial and service industries, yesterday declined to comment. But they had earlier indicated that they would appeal if a big fine was imposed.

Executives from other business groups said they believed the unusually public investigation was politically motivated.

The Federation of Korean Industries, which represents the interests of big business, said it would conduct its own investigation into the case.

According to ONTA, the

total tax bill for the Chung family and 10 Hyundai Group subsidiaries comprised won 67bn in evaded income taxes, won 63.1bn in evaded corporate taxes and won 6bn in unpaid gift taxes.

ONTA said members of the family had failed to pay taxes on big capital gains made by buying shares in group companies subsequently floated on the Korean stock market. Mr Chung had also given shares to family members to avoid capital gains and inheritance taxes.

Mr Chung's personal tax penalties are won 9.6bn. Mr Chung Mong Koo, his second son and chairman of Hyundai Precision Industries, is to pay won 40.7bn.

ONTA officials denied that the investigation and the imposition of heavy fines reflected government anger with Mr Chung. He has criticised the government's handling of the economy and its plan to build a high-speed railway linking Seoul and the south-eastern port of Pusan.

But yesterday's announcement is certain to fuel tensions between the government, Hyundai and the other chaebol.

The close relationship between business and government in Korea has been strained this year. Ties have been soured by government attempts to force the conglomerates to specialise in a smaller number of industries.

Malaysian budget seeks to push growth

MR ANWAR Ibrahim, the Malaysian finance minister, yesterday announced a larger deficit budget for 1992 to sustain economic growth rather than slow its pace, risking rising inflation and a deterioration in the current account, reports Lim Siong Hoon.

The budget surprised many economic analysts who had expected him to impose a range of monetary and fiscal policies to curb consumer spending and decelerate the economy.

But Mr Anwar argued in his maiden budget announcement that the problems were temporary and not structural. Next year's real growth in gross domestic product is anticipated to remain high, at 8.5 per cent compared with 8.6 per cent this year, although an independent forecast has put it at under 7 per cent.

Despite the deficit budget targeted at M\$7.2bn (£1.53bn), the government says that domestic price increases will stay at the present official level of 5 per cent. Interest rates are expected to stabilise at around 9 per cent.

This year's current account deficit is estimated to reach almost M\$12bn, up by 50 per cent from earlier official forecast. Next year, it is expected to be M\$12bn, or 0.6 per cent of GNP compared with 4.3 per cent last year.

On top of M\$34bn in operating expenses, the government has allocated more than M\$11bn for development expenditure, half of which will go into new infrastructure and agricultural projects.

Along with the budget, Mr Anwar has also announced tax cuts for a range of imports on textiles, garments, food, chemical and printing goods.

There will be changes too on tax incentives for foreign investment, in particular the abolishment of tax holidays for certain "pioneer" industries, such as electronics.

In addition tougher qualifying rules for rebates on capital expenditures are to be introduced.

Cabinet is split on defence cuts

By Ivo Dawmay, Political Correspondent

FRESH differences within the Cabinet over the future of the Scottish regiments emerged yesterday when hints by Mr Malcolm Rifkind, the transport secretary, that army reforms might yet be reviewed were firmly rejected by Downing Street.

With six days to go before polling in the Highlands and Islands by-election, Mr Rifkind had suggested on a visit to the marginal Tory constituency on Thursday that the merger between the locally based Gordon Highlanders and the Queen's Own Highlanders could be reversed.

His comments followed similar hints from Mr Ian Lang, the Scottish secretary, last week. Yesterday, though, both Downing Street and the Ministry of Defence firmly denied the suggestion, insisting that "army forces" cuts ordered by the options for Change White Paper would go ahead.

Yesterday, Mr Archie Hamilton, the armed forces minister, said the decision to amalgamate the Gordon Highlanders with the Queen's Own Highlanders was due to be implemented in 1993-94.

It was the second time in a week that apparent internal disagreement between ministers surfaced in the open.

In the Queen's speech at the opening of parliament on Thursday, there was widespread surprise that a promised Home Office bill to tackle "joyriding" in cars was not included in the list of new legislation.

Nevertheless, after reports of a fresh joyriding incident in which a Liverpool girl was killed, Mr Kenneth Baker, the home secretary, yesterday gave firm assurances that a bill tackling the matter would be given priority in the Commons timetable.

Insiders asserted that Mr Baker had not had full clearance to promise the bill, when he announced it at the Tory conference in Blackpool last month, but the Liverpool incident had now enabled him to force party managers to make time available.

The two disputes follow last week's public climbdown by Mr William Waldegrave over the future of tax exemptions for private health insurance for the elderly. The health secretary had at first told an interviewer that the tax breaks had not worked well and were likely to be withdrawn.

But after an intervention by Mr Norman Lamont, the chancellor, he subsequently withdrew his remarks.

Plans to tighten rules of asylum create stir

By Ivo Dawmay

THE government announced its controversial plans to tighten the UK's rules on asylum in a bill aimed at reducing the period in which applications for refugee status are processed from two years to four months.

Mr Kenneth Baker, the home secretary, said the bill, published yesterday, intended to tackle a problem which has increased the number of asylum seekers - up from 5,000 in 1985 to an estimated 46,000 this year.

It was a "fair and proper" response to the need to differentiate between genuine cases and the "bogus" of organised racketeering in immigrants, using loopholes in immigration laws to profit from purely "economic" refugees.

Labour last night warned that it would seek to amend the bill on the ground that it offers genuine asylum seekers inadequate appeals procedures and legal aid to prevent them from being returned to face

Council tax details set out in bill

By Andrew Adonis

THE council tax will involve no register of those liable for payment and no precise valuation of properties, according to the Local Government Finance Bill published yesterday.

The main features of the bill, likely to become law next spring, are:

● Liability: From April 1993, each household will receive a single council tax bill. The bill is calculated on the basis of the capital value of the property - subject to banding - and will apply to individuals over the age of 18 whose "sole or main" residence is the property. Spouses will be jointly liable.

Complete exemption will be given to students, student nurses, apprentices, youth trainees, those on income support, prisoners and the severely mentally handicapped. The definition of student is likely to be controversial, and will be subject to definition in regulations to be issued by the environment secretary.

Single-person households, or households where all but one resident is exempt, will be eligible for a 25 per cent discount. Unoccupied and second homes will be eligible for a 50 per cent discount.

● Banding: Properties will be allocated to eight bands. The bands for England are set out in the table. In Wales, the lowest band will apply to properties valued below £30,000 and the top to those above £240,000, with the middle bands covering those between £51,000 and £90,000. In Scotland the lowest band will apply to properties valued below £27,000 and the highest to those above £213,000, with the middle bands covering those between £45,000 and £80,000.

Throughout Great Britain, the proportionate tax liability carried by properties in each band is as set out in the table. Those in the top band will pay three times as much as those in the bottom.

● Valuation: Each council will have a listing officer, employed and paid by the Inland Revenue. The officer will issue a valuation list, based on valuations valid on April 1 1991, listing each property and the band applicable to it. Precise valuations will not be given.

The environment secretary may order a complete revaluation, but there is no other provision in the bill for regular revaluations. Properties will be subject to revaluation only when alterations to them result in a "material increase" or "material decrease" to their value, and even then the valua-

Council tax valuation bands (England)		
Band	Range of values	Proportion Payable
A	Up to £240,000	100
B	£240,001 to £252,000	117
C	£252,001 to £268,000	133
D	£268,001 to £286,000	150
E	£286,001 to £306,000	167
F	£306,001 to £328,000	183
G	£328,001 to £352,000	217
H	Above £352,000	250
*A percentage of the tax payable in band A		

TWO Tory backbenchers, Sir Rhodes Boyson, MP for Brent North, and Mr John Wilkinson, MP for Ruislip-Northwood, yesterday urged the government to change the council tax to provide fairer treatment for property owners in south-east England.

Speaking in the resumed

debate on the Queen's speech, Sir Rhodes, a former local-government minister, forecast that the government would face similar difficulties to those encountered with the poll tax and called for "concessions now instead of waiting three years with battles going on".

Mr Wilkinson maintained

that without a wider system of regional banding, property owners in the south-east would be "unjustly penalised". He also urged the government not to seek to curtail debate on the tax by using the parliamentary guillotine.

The debate will be continued on Monday.

Simplified tax forms for some

AN additional 500,000 taxpayers will from next April be permitted to submit simplified tax returns to the Inland Revenue, the Treasury announced yesterday.

The decision, foreshadowed in the Budget, means that individual businesspeople and partnerships can file three-line statements showing income, expenses and profit instead of full accounts, providing their business or rental income does not exceed £15,000. The previous limit was £10,000.

Angus Maude, financial secretary to the Treasury, said the move reflected the government's commitment to reduce taxpayers' costs by reducing paperwork.

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PRIVATE PARKING

UK NEWS

Coal bill allows £3bn for redundancies

By Juliet Sychnava

FUTURE redundancies at British Coal are to be funded by up to £3bn in grants.

A Coal Industry Bill which includes a provision to double the ceiling for redundancy grants to British Coal from the £1.5bn set in 1987 was given its first reading in the Commons yesterday. It was interpreted by Labour as paving the way for "a catastrophic rundown of the industry."

Mr Frank Dobson, shadow energy secretary, said the £1.5bn increase would finance all the 33,000 job losses pre-

dicted in the report on the restructuring of British Coal leaked last month from N.M. Rothschild, the merchant bank advising the government on the privatisation of British Coal.

Mr John Wakeham, energy secretary, said yesterday, though, that the bill had "absolutely nothing to do with privatisation," and was part of British Coal's ongoing restructuring.

The Rothschild report, he said, had not been accepted or rejected by the government,

and it was not a blueprint for the future size of the industry. That size would depend on British Coal's ability to sign contracts with the electricity industry and to cut its costs, he said. "We are satisfied that British Coal can make significant cost savings and I detect a desire to achieve them."

"The level of redundancies will come from British Coal. We are not sending a signal by setting this level."

British Coal said it had made no secret of the fact that the industry would get smaller,

and agreed that its size would depend on the contracts it negotiated with the electricity generators.

The bill also gives the government power to change the hours that miners work by repealing the Coal Mines Regulation Act 1908, which limits underground shifts to 7½ hours daily.

Mr Wakeham said the act would have to go if and when the European Community directive on working time, due to be discussed in Brussels this week, was adopted, because

the two would be incompatible. Neither Mr Wakeham nor British Coal knew in detail what the new directive would mean for miners, although British Coal said it was anticipating big changes at pits.

Mr Roy Lynk, president of the Union of Democratic Mineworkers, said he was unable to comment on the bill but was watching the EC directive closely.

"As I understand it, it could have a serious effect on the mining industry, and not for the best," he said.

Gas offices will be relocated to Solihull

BRITISH GAS said yesterday that it planned to move the headquarters of its domestic gas supply business from London to the west Midlands late in 1994. Paul Cheeseright writes. It will be one of the largest private-sector relocations since the mid 1980s.

British Gas said 1,300 people would move from 10 establishments to a 300,000 sq ft building at Birmingham Business Park in Solihull. The park is owned by Arlington Securities, a British Aerospace subsidiary. British Gas would not disclose the costs of the move, but current charges for land purchase, construction and relocation suggest that the bill will approach £50m.

The headquarters for the exploration and production, and global gas divisions of British Gas will remain in London. The main reason for moving the domestic gas business is to seek greater efficiency by consolidating diverse offices into one central location with easy communications.

Short-term power contract

BRITISH GAS introduced a short-term supply contract for power stations yesterday at a price of 21.5p a therm, slightly more than the long-term price. The contract runs for a maximum of six months for the supply of between 50m and 150m therms of gas.

The contract is aimed at supplying a small amount of gas to large plants, such as power stations, while they are being started up. It contrasts with the long-term supply deals for power stations which they are fully operational. Those run for 10 to 15 years.

Engineers' chief to quit early

MR PETER BRIGHTON, director-general of the Engineering Employers' Federation since 1989, is taking early retirement at the age of 58 for "personal reasons".

Since the abandonment of national bargaining in the engineering industry the EEF has lost much of its former significance. Some observers believe it may eventually merge with the Confederation of British Industry, to which it is already affiliated.

The two organisations are expected to co-operate in establishing a National Manufacturing Council to speak with one voice for manufacturing.

Mr Peter Ball, operations director of the EEF, is appointed deputy director-general with immediate effect.

CORRECTION

Mr Terry Brand

IN yesterday's report headed 'Sheep rise in Pension Inquiry' a statement was attributed to the late Sir Monty Finiston instead of to Mr Terry Brand, vice-president of the Occupational Pensions Advisory Service. We regret the error.

Minor nightmare on Elm Street for SFO

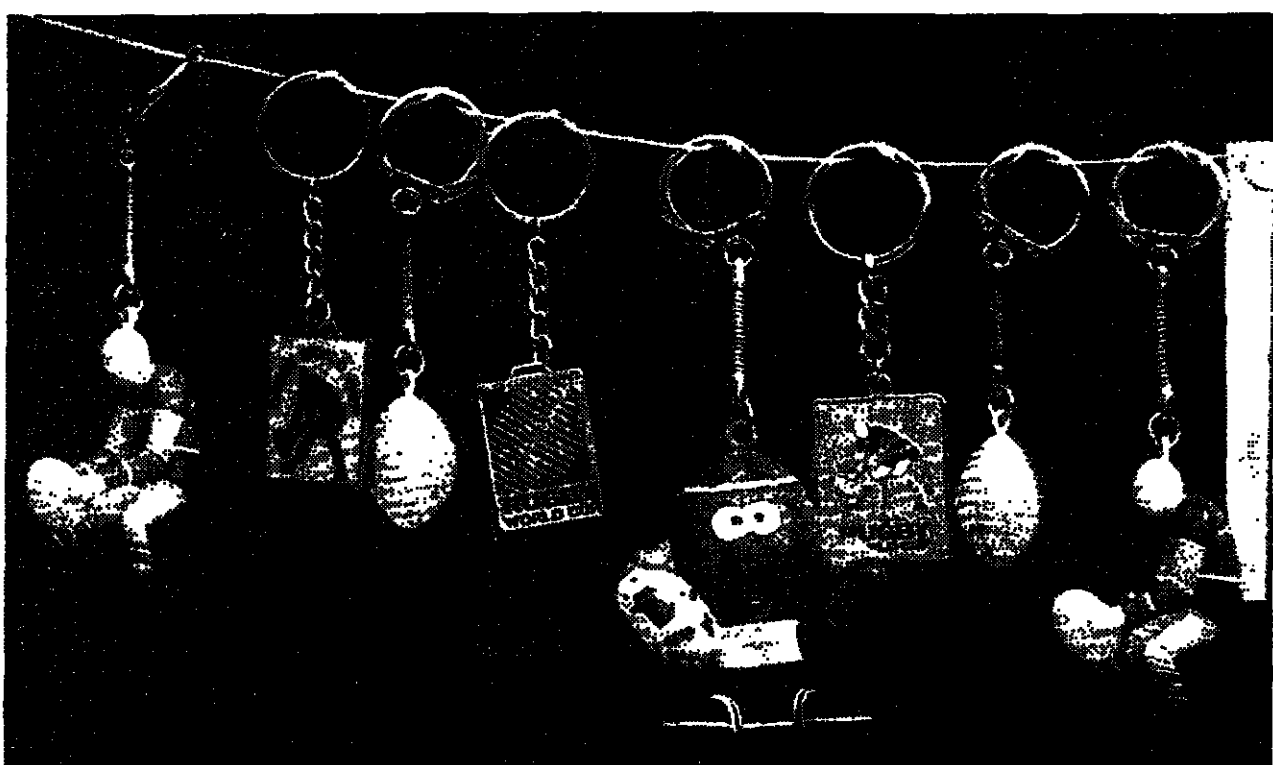
By Jimmy Burns

IT WAS Hallowe'en and at the headquarters of the Serious Fraud Office in Elm Street, London, it seemed to have been a night of more tricks than treats.

First one alarm went, then another. At approximately 12.20am there was a report of a fire and - to quote a policeman on the spot - a "possible suspect on the scene".

Police and fire crews arrived to find no-one but the security staff that had raised the alarm, and three "confidential waste" bags burnt to ashes in the basement. According to the police, there was very little damage to the building and no sign of a false entry. What about the bags?

"Ordinary rubbish," replied the Serious Fraud Office yesterday. Asked to elaborate a little on



Unlocking the cash: key rings are one item of world cup merchandising, which even includes women's underwear

Swing high sweet profits

Neil Buckley on the commercial success of the Rugby World Cup

■ Estimated surplus, 1991 world cup	£20m+
■ Surplus, 1987 world cup	£1.1m
■ Total revenue from commercial sources	£23m
■ Merchandising	£15m
■ Total TV Rights	£12m
■ ITV bid	£7m
■ Countries taking TV pictures	70
■ Total worldwide TV audience	1bn+
■ Total number of tickets	1.2m
■ Corporate hospitality packages	26,000
■ Expected UK TV audience for final	12m
■ Total gate receipts for final	£1m
■ Average price of final tickets this week	£200
■ North and south stands	£350
■ East and west stands	

little interest outside rugby circles, with only 15 countries taking TV pictures. In most countries except the host nations of Australia and New Zealand, matches screened in the middle of the night drew small audiences.

The profit was only £1.1m, prompting Mr Dick Littlejohn, head of the New Zealand Rugby Union, to remark prophetically: "In time to come, people will laugh at these figures."

The earnings of the various rugby unions were correspondingly paltry. Mr Dudley Wood, secretary of the English Rugby Football Union, says the RFU received only £80,000, before tax.

"We draw up our budgets five years in advance and had made virtually no provision for any income from this year's world cup," he says. So the £2m profit the RFU is set to make from gate receipts is a welcome windfall for its Twickenham refurbishment and youth rugby programmes.

The substantial surplus reflects impressive commercial organisation, which might be taken as a model for other important sports tournaments.

The International Rugby Board set up an offshore company, Rugby World Cup Ltd, in the Isle of Man, to run the tournament to be hosted by the Five Nations. That in turn appointed an event organising committee, and promoters

CPMA to handle the commercial side. Many prominent rugby personalities are involved. Russ Thomas, a former All-Black player and chairman of the New Zealand Rugby Council runs RWC, while Mr Ray Williams, who introduced the system of coaching co-ordination in Wales, and later became secretary of the Welsh Rugby Union, heads the organising committee. In CPMA, the M stands for Cliff Morgan, the former Wales and British Lions player and rugby broadcaster.

CPMA, whose brief was to get the best possible balance between income and exposure, decided to contract out the various money-spinning areas, and is predicting total revenues of more than £23m. Broadcasting rights, the most profitable single area, were handled by TSL, and have raised £12m.

Seventy countries are taking pictures, 40 of which will broadcast today's final live. New and unlikely countries have been signing up even this week, Austria and Saudi Arabia being the latest rugby converts.

While ITV is believed to have paid more than £7m to break the BBC's three-decade stranglehold on the sport, some countries are receiving pictures for a nominal fee, as a publicity exercise. Mr John

Bromley, TSL's managing director, believes more than 1bn people will eventually have seen some coverage of the event.

Merchandising, run by Telemundi, has pulled in £1.5m, with more to come. Of the 70-odd items on sale, women's underwear emblazoned with the RWC logo has been a popular seller, but cannot match the runaway success of the official tee - 150,000 sold. The official RWC Bordeaux wine, not traditionally known as a rugby players' or fans' drink, has sold more than half a million bottles.

At least some of those have been consumed by the 26,000 visitors to the corporate hospitality tents - slightly less lavish than planned after Wembley had to come to the rescue of the collapsed Keith Prowse in August.

Sponsorship was the second-largest money-spinner. Eight principal sponsors - Heinz, Ricola, Guinness, Famous Grouse whisky, Glass SA, Société Générale, British Steel and Cathay Pacific - are believed to have paid an average of around £1m for stadium advertising and the rights to use the official RWC logo in their own marketing.

The founders of this amateur game might not have approved, but at least all proceeds go into the game.

The Five Nations' rugby unions keep their gate receipts, and RWC's surplus from commercial activities will be used to promote rugby worldwide - especially in poorer countries and those where rugby is less well established - and to ensure the success of the next tournament, allowing more countries to take part.

The irony is that the stars of the event are the only people who do not gain direct financial benefit. The question remains whether amateurism can survive the increasing commercialisation of rugby. John Hopkins on rugby, Page 2.

West Midlands police may establish new crimes squad

By Paul Cheeseright, Midlands Correspondent

THE WEST MIDLANDS police force is considering setting up another serious crimes squad, Mr Ron Hadfield, chief constable, said yesterday. He was commenting on a Police Complaints Authority report on the activities of a similar squad disbanded in disgrace in 1989.

Mr Hadfield indicated that former members of the disbanded squad could be employed in the new unit. "You cannot tax all the officers with one brush," he said. The complaints authority recommended that members of the old squad should not be allowed to join a new one.

The authority's report, now with Mr Kenneth Baker, home secretary, is based on an investigation by Donald Shaw, assistant chief constable of West Yorkshire. He examined

complaints about incidents involving the West Midlands serious crimes squad.

Mr Shaw concluded that the squad had "a high reputation as an elitist unit" but "lacked the firm hand of management."

The lack of management "led to large sums of money being expended without any proper control and to undesirable working practices being adopted."

The report observes that "this investigation might not have been necessary" if a Metropolitan Police report of October 1988 into the squad had been implemented. That may be a criticism of Mr Geoffrey Dear, who as chief constable eventually disbanded the squad and has since been promoted to inspector of constabulary for the Midlands.

Mr Hadfield believes the West Midlands force is recovering from the effects on morale of the crime-squad affair. But public distrust has not wholly been allayed. Eight people, brought to court and convicted on evidence provided by the squad, have subsequently had their convictions quashed by the Court of Appeal. A further 17 cases are pending. The Director of Public Prosecutions is examining a further 23 files.

Mr Shaw's inquiries found that police officers were spending too long in the squad, were unorganised in the way they conducted their interviews and that payments to informants were not properly controlled. Further, squad members were working dangerously long hours of overtime - an average of 96 hours every 28 days.

Treasury and CSO agree work targets

By Peter Marsh, Economics Staff

PERFORMANCE targets for measuring such elusive quantities as the flow of money into Britain and fluctuations in retail sales have been established by the government as part of changes being planned for monitoring the path of the economy.

The plans apply to the Central Statistical Office (CSO), the main Whitehall department for gathering economic statistics, which has agreed a range of performance standards for the next 20 years for small gas turbines with aerospace, marine and industrial applications.

The L55bn (£25.24m) research and production facility for advanced gas turbines in Calabria was part of a three-pronged strategy for expansion outside the UK. Last year the company initiated a joint venture in the Soviet Union, and it has joint development programmes with Volvo, a minority shareholder.

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Will you be as fortunate finding a second career?



Heaven knows, you are going to need a second career more than this gentleman. Compulsory retirement at 55 is on its way.

No matter how long your service, no matter how high your position, you could be out of a job, come your 55th birthday.

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Sadly, your mortgage won't. You may well find yourself repaying that until you are 60 or 65.

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THIS newspaper advertisement was first seen in 1983. Shortly after Mr. Reagan became Mr. President. Like all good newspaper advertising, it demanded attention. (Even without its topical edge, it stopped you just now.) Whilst the former President is now enjoying a more laid back lifestyle, newspaper advertising continues to work hard: informing, influencing and selling. Should you have something to say, or to sell, do it in the newspapers. It could do wonders for your career.

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Weekend November 2/November 3 1991

Waiting for America

GLOBAL economic prospects for the coming year are not inspiring. The US may still grow sufficiently fast over the coming year to offset the slow down that is under way in Japan and may soon be starting in Germany. But the US economy remains too difficult to inspire confidence in its leadership qualities.

Far from leading a world economic upturn, the US recovery is rapidly turning sour. Output rose by 2.4 per cent in the third quarter of 1991. But a rash of bad news over the past week has prompted economists to revise down their forecasts. As things stand, the US may grow by only 1.5 per cent in the current quarter. At worst it may not grow at all.

Mysteriously, both consumer confidence and business orders have been knocked back down over the past two months. The US leading indicators fell in September while house sales also dropped sharply. The purchasing managers index, a lead indicator of changes in manufacturing output, fell in October, the first fall since January.

Failing recovery

Yesterday's employment news confirmed that the manufacturing recovery is petering out. The level of non-farm employment fell by 1,000 in October compared to forecasts of a modest rise.

For Mr Bush, it is an inauspicious background against which to launch a re-election campaign. Even if the economy does recover to an annual growth rate of 3 per cent in 1992 he will still have the worst

growth record of any post-war US president.

Yet there is little that can be done to re-ignite the recovery. Some combination of tax cuts and higher spending is the normal way to boost US recoveries in their early stages. But the lags are long and the existing budget deficit will preclude any significant fiscal easing.

Monetary easing

The Federal Reserve has more room for manoeuvre. Another interest rate cut should not be too risky since inflationary pressures remain subdued. Yet a further modest easing of monetary policy is unlikely to do much good either. Interest rates have already fallen to their lowest levels since the early 1970s with little effect on confidence and lending.

If the White House is correct that the stumbling block is over-zealous bank regulation, then rate cuts are not the solution. The issue would be the banks' ability to lend - not the price which they are prepared to charge for their loans.

Yet the underlying problem is that lenders and borrowers in the US, as in the UK, remain traumatised by the recent and painful experience of high debt levels, high interest rates and collapsing real estate markets. Both banks and consumers are using falling interest rates to rebuild their bruised balance sheets. Until they feel more secure, the US recovery is unlikely to take off. Politicians, both in the US and elsewhere, can only wait and hope.

BT's charges

THE ANALYSIS that BT could cut its prices by 51m and still earn reasonable profits accuses not the company, but the regulatory regime which oversees it. In the long run, competition will curb BT's profits and prices. But, for the time being, the regulatory regime keeps on improving efficiency. Nevertheless, it is clear that Ofcom misjudged BT's scope to boost profits. It is important to realise how the error was made and to prevent it recurring.

The next price review should involve a large one-off cut in BT's prices as well as a tightening of the cap. But the biggest defect in the regulatory system is that Ofcom negotiates with BT behind closed doors.

In future, Sir Bryan should publish the detailed assumptions behind BT's price cap - a provision to that effect is needed in the forthcoming utilities bill. He should also state what he thinks to be a reasonable level of profitability, so others can challenge it.

It is regrettable that Sir Bryan did not take earlier opportunities to refer BT to the Monopolies and Mergers Commission. Now, it is argued, such an investigation could hardly occur when the government is trying to sell 51m of BT shares.

Sir Bryan should, however, make his position clear on an MMC reference before the sale. BT investors cannot escape political and regulatory risk but they should receive a clear assessment of the outlook. There is a danger that people will buy shares only to find their company is forced to cut prices sharply next year.

It has the appearance sometimes of a battlefield littered with fallen generals. The footsolders shuffle around bemused, unsure whether to raise their muskets. There are noisy skirmishes around the perimeter but most are not quite sure who exactly is the enemy.

The fighting over Europe last year cost the Conservative party the prime minister who had delivered it three general election victories. It had already claimed several Mrs Margaret Thatcher's most experienced ministers.

Now the opposing camps are raising their colours again in the approach to the Maastricht summit. Mr John Major finds himself a commander whose every advance enhances the risk that some of his troops will mutiny. Mrs Thatcher threatens to lead the rebels. With a general election at most eight months away, the casualties of renewed conflict might this time include the Conservative government.

For Mr Major it is an intensely frustrating predicament. The acrid smoke of previous battles has obscured the reality that the party is not hopelessly divided over Europe. The prime minister's instincts - a typically Tory mixture of patriotism and pragmatism - are shared by the vast majority of his party at Westminster.

But an electorate still badly bruised by economic recession and the poll tax will be disinclined to take party unity on trust. If the factions dominate the Conservative debate, the Labour party's main short-term obsessions obscured by the luxury of opposition - will claim the mantle of Europeanism.

Mr Douglas Hurd, the foreign secretary, likens the leading partisans to the fabled gods and goddesses who saluted the epic wars of Homer and Virgil. Everyone is for an instant mesmerised by the lightning and thunder of the clashes of the great ones in the heavens. But when the thunder dies away the soldiers below return to a more prosaic reality.

Two former prime ministers give substance to the metaphor. Mrs Thatcher is at the head of a group of Tory MPs who believe that Britain's nationhood is about to be submerged in a European superstate dominated by Germany. Mr Edward Heath, her predecessor, is the main proponent of a more moderate line. He is an instant mesmerised by the lightning and thunder of the clashes of the great ones in the heavens. But when the thunder dies away the soldiers below return to a more prosaic reality.

Neither group can claim the firm support of more than 20 or 30 Tory MPs. On the Euro-sceptic side the most prominent are the Tories Mr Norman Tebbit, Mr Nicholas Ridley, Mr Cecil Parkinson - are from a generation whose views were shaped by personal recollection of the second world war. They will be departing the House of Commons next year.

A sympathetic senior minister has hard-pressed this week to name more than a dozen backbench colleagues who are enthused by the goal of a United States of Europe. If negotiations with the other 11 EC member states do break down, they will join battle with the sceptics, but they otherwise will applaud almost any deal at Maastricht.

Then there is the broad swathe of the parliamentary party - those slightly bemused footsolders. Their enthusiasm for further integration runs from cool to warmish. Most are content that Mr Major and Mr Hurd should make the decisions.

As Mr Anthony Nelson - a Euro-enthusiast - puts it: "The great body of the Conservative party will go along with whatever John Major agrees at Maastricht. We prize unity and winning the next election most of all."

Mr Jonathan Aitken, a prominent sceptic, took the same line at the start of the debate on the Queen's Speech: "We would be wise to trust our negotiators... The prime minister and the foreign secretary are good Europeans

John Major needs to mobilise party support for a European deal and leave potential mutineers isolated, writes Philip Stephens

The Tory battle over Maastricht



but also sound British parliamentarians. The cabinet will be supportive. It has its conflicts. The enthusiasm for Europe of Mr Malcolm Rifkind and Mr Michael Heseltine is mirrored by the mistrust of Mr Peter Lilley and Mr Michael Howard. But Mr Major and Mr Hurd provide a natural centre of gravity, with the prime minister fractionally closer to the sceptics and Mr Hurd to the enthusiasts. The overwhelming consensus is that a deal at Maastricht is a necessary ingredient for an election victory.

The silent majority of MPs want to be at the centre of Europe but they do not want to see Brussels meddling in every nook and cranny of British life. Their business interests tell them that Britain cannot stand aside from moves towards a single currency, their patriotism tells them that the Queen must remain on the coins of the realm.

Such MPs agree with the argument of Mr Hurd that the realities of modern foreign policy mean that Britain's voice in the world has resonance only when it is part of a European chorus. They are equally aghast at the notion that a German, a Belgian or an Italian might be given a decisive say in whether British soldiers are sent to war.

They see the logic of an extension in the community's authority to areas such as the environment. Yet majority voting on the social charter is anathema. Nor, in their view, must a more integrated Community close its doors to the newly-democratised countries of eastern Europe. They are intensely jealous of the

traditions of the House of Commons, conscious that most of their European partners are relative newcomers to parliamentary democracy. But most are aware also that power cannot exist in a vacuum: that majority voting in Brussels on the single market and the nation's obligations to Nato represent a pooling rather than a sur-

render of sovereignty. It is that complex of views - sometimes drawn from memories of empire or romantic images of cricket on the village green, sometimes from a hard-headed assessment of the interests of the City or a local factory - which will shape Mr Major's approach.

His task is to insert these ideas into the negotiating framework for the intergovernmental conferences on economic and monetary and on political union.

It will not be easy. The ambitions of many of Britain's partners - for a single currency, to extend the Community's competence and to give a much larger say to European Parliament - run far ahead of the Conservative consensus.

The irreconcilables have already signalled a battle over monetary union. Mrs Thatcher believes that any treaty amendments which pave the way for a single currency will undermine decisively the authority of parliament. The "opt-out" clause in the latest Dutch text will not be enough to persuade her that monetary union is possible without the progressive surrender of control over taxation and spending - and that, she believes, would be a transfer of political authority to Brussels.

Mr Norman Tebbit puts that view with typical bluntness when he argues that a single currency would reduce the authority of the House of Commons to that of a "rate-capped local authority". This week he backed publicly Mrs Thatcher's private demands for a referendum on the issue.

It is a view which strikes a chord among those MPs who learnt at nursery school that parliament's authority rests on control of taxation and spending. Mr Tessa Hoggins, rooted in the centre of the party, has warned Mr Major against accepting any Community authority over the size of fiscal deficits.

Mr William Cash, a prominent sceptic who holds the chairmanship of his party's backbench committee on Europe, sees the road to monetary union as indistinguishable from that to political federation. A commitment to the principle of a single currency "would be moving towards a single parliament and a single government". Some of the opponents look set to vote against any treaty changes. If

others want a single currency they should operate outside the Treaty of Rome. A minister whose job it is to sound out opinion estimates that 30 or 35 are irreconcilable.

But Mr Major's careful cultivation of the notion that an opt-out clause leaves the decision in the hands of a future parliament has so far won the support of the majority. Mr Aiken and Mr Teddy Taylor, another prominent sceptic, are among those who have publicly endorsed the idea.

Mr Ian Taylor, an enthusiast rather than a federalist, sees the Dutch draft as tangible proof of the benefits of the positive tone which has marked out Mr Major's approach from that of his predecessor. "It is a victory for the prime minister. It really does show that we are at the heart of Europe while leaving it to a future parliament to take the final decision".

An uncommitted colleague voices relief that a deal now looks possible. If Britain stood aside sterling's credibility in the Exchange Rate Mechanism would be undercut, foreign investors would switch their factories to continental Europe. Mr Nelson goes further: "The argument is about whether we want to be rich or poor."

A compromise on Emu is not enough. The capacity to create mischief of those implacably opposed to a single currency may depend on the concessions made on political union.

Proposals to extend the authority of the Commission, to extend majority voting to areas like foreign, immigration and judicial policy, and to give real authority to the European Parliament provide plenty of ammunition for the sceptics.

If the Commission is given authority over transport or education policy it would mean removing it from Westminster. If foreign policy or defence matters are decided by majority vote, British soldiers could be sent to war against the wishes of parliament. Any additions to the powers of the Strasbourg assembly would be subtractions from Westminster.

Mr Major sees scope for compromise. The Western European Union is being promoted as a bridge between a Community defence identity and Nato. Majority voting might be acceptable on the detailed implementation of a foreign policy agreed unanimously. The Commission might be given some competence in areas like the environment, health and education. The European Parliament could get increased authority over the Commission and a bigger say in decisions subject to majority voting.

But this approach - combining enhanced intergovernmental co-operation on foreign, defence and interior policies with a modest increase in the powers of existing institutions - does not meet the demands of Britain's partners.

Some concessions are unthinkable - on majority voting to implement the social charter and on substantive foreign policy decisions - but in other areas Mr Major will have to offer more. The prime minister acknowledged as much this week when he spoke of "hard judgments" that would have to be made in Maastricht. The message was "Trust me".

Before then he needs to change the rhetoric of the debate among Conservatives. Ministers acknowledge that too often - at last month's party conference and in recent exchanges with the Commission over environmental policy - the prime minister has sought the easy applause offered by the strident language of his predecessor. He began to reverse that this week and will continue the process during the two-day Commons debate on Europe later this month.

Mr Major needs to mobilise his party's footsolders behind a deal that will leave no more than a handful fighting under Mrs Thatcher's standard. He insists that he will not sign just anything - but if he is to be confident of winning the election he must sign something.

MAN IN THE NEWS

James Baker

Mr Fix the deal-maker goes to Madrid

By Lionel Barber



1970s. "Dr K" has always been adept at wrapping cloak-and-dagger diplomacy in broad historical sweeps. Mr Baker is distinctly unprofessional. He does not much like reading books; he drinks beer straight out of a bottle; and, in the great tradition of American lawyers, he believes that success in life largely comes down to absorbing a brief.

Nor is Mr Baker a great strategist. As one former senior Reagan administration official observed, the Middle East peace conference came about largely because of the collapse of the Soviet Union and the US victory in the Gulf war. Yet Mr Baker, the supreme pragmatist, went out of his way as White House chief of staff to temper the hard-line anti-communism of the first Reagan administration. Later, as secretary of state in the Bush administration, he was decidedly cool in his support for using military force against Iraq.

Mr Baker ranks as one of the best political operators in the US State Department in the

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Yet these blemishes must be set against an impressive record of achievement. Both as team-player and leader, Mr Baker has contributed to the success of US foreign policy in the Bush administration. Mr Baker realised earlier than most that the decline of the Soviet Union meant that the west - and particularly the US - had been dealt a very strong hand. He pushed hard for a policy of active co-operation with Moscow, disarming conservative critics and

embarking on a highly-productive relationship with Mr Eduard Shevardnadze, the former Soviet foreign minister. These two men genuinely enjoyed each other's company, whether in the diplomatic salon or out at Mr Baker's hunting lodge in Wyoming. Together they laid the ground-work for peace settlements in Nicaragua, Angola and Cambodia, as well as doing yeoman work on a treaty cutting conventional arms in Europe and the strategic arms reduction treaty (START) signed this year.

Like the president, Mr Baker sets great store by personal chemistry. He worked well with Mr Hans-Dietrich Genscher during German unification (though a little less so now that the Germans have become more assertive); and he has a healthy respect for Mr Douglas Hurd, the British foreign secretary. If he has a current favourite, it might be Prince Bandar, the Saudi ambassador in Washington. Mr Baker likes Prince

back-slapping gregariousness with a supple style of diplomacy which is, well, almost Texan in nature. Coming from one of the oldest families in Houston, Mr Baker respects the Saudi's second quality: money. With US budgetary constraints tighter than ever, Mr Baker is never short of ideas on how to put other people's money to work in support of western (and US) foreign policy goals.

Saudi Arabia also has a major role to play in the Middle East "peace process". The risk is that Syria will play the 800lb gorilla and hold the talks hostage until Israel cedes territory. Mr Baker is hoping that Saudi Arabia can act as a counterpoise to the Syrians; this would allow the most promising area of the peace talks - autonomy for the Palestinians - to unfold.

So much for theory. Mr Baker is likely to dissociate himself for a short period from the process, assuming that he can resolve last-minute differences on the site for bilateral talks. This would allow him to focus on other pressing foreign policy issues, particularly relations with the Soviet Union, which have suffered because of his pre-occupation with the Middle East.

Inevitably, the question remains: what next? Ever since Mr Baker quietly rubbished the choice of Vice-President Dan Quayle as Mr Bush's running-mate in 1988, the secretary of state has been rumoured as being interested in running for president. He denies it, and there is little doubt that he lacks the political base which would give him a launch-pad to the presidency. The only race he ever contested - attorney general in Texas in 1978 - he lost.

But this is a man who is single-minded in his pursuit of life's ambitions. He once laughed at the proposition of running in 1986, noting that he would be 66. At 66, yes, replied one of his sons, but that's still three years younger than Ronald Reagan was when he campaigned in 1980.

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Africa marked the end of an era this week. The west abandoned Zaïre for its fate, severing links forged in the Cold War. Almost simultaneously, neighbouring Zambia began what optimists hope will prove to be Africa's trail-blazing transition to democracy, as voters enjoyed a choice between parties for the first time in 20 years.

African leaders will be pondering their futures as they look on these two poles of the African crisis: revolution and reform.

While troops from France and Belgium prepared to pull out of Kinshasa this week, ignoring pleas from opposition leaders that they should stay, outside observers were arriving in Lusaka to scrutinise Zambia's first multi-party election in two decades.

Two authoritarian leaders, one brutal and the other benign, their careers spanning a quarter of a century, battled for political life in the face of the new realities that are forcing change on the continent.

The end of the Cold War, the collapse of communism in the Soviet Union and eastern Europe, Africa's dismal political dependence record, and the search for economic recovery have driven elites across Africa to the barricades and the ballot box.

African dictators such as Zaïre's Mobutu can no longer shelter beneath superpower umbrellas, skilfully exploiting tensions between Moscow and Washington. They find themselves having to choose between making a ditch-ditch stand, deserted by their erst-

while allies, and putting their popularity to the test in multi-party elections, as demanded by their electorates and international aid donors.

The Zambian example, some diplomats believe, could give impetus to the democratisation of Africa. A stable handover from the reign of Kenneth Kaunda to his presidential rival, Frederick Chiluba, could encourage the delicate peace processes in Mozambique and Angola, where parties that have ruled since independence have been forced to concede multi-party elections.

Zambia's change of government at the ballot box could also serve as a precedent for advocates of multi-party democracy in Zimbabwe and Malawi. Even further afield, in countries such as Kenya, where President Daniel arap Moi belongs to a one-party system, Zambia's example could prove salutary.

But that may be only part of the picture, and a rose-tinted view. There is another, more cautious assessment of events in Zambia. And developments there could be eclipsed by the looming anarchy in, and international indifference towards, Zaïre.

Although the Zambian elections have so far gone remarkably smoothly, African leaders pondering a similar process may justifiably suggest that the real test of Africa's new wind of change is yet to come.

The point the optimists have to answer is: how much of a structural change has really taken place, even in countries which have apparently moved towards multi-party democ-

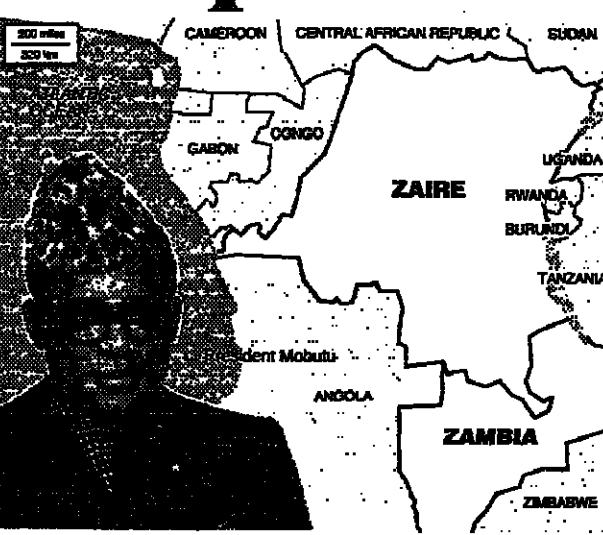
cracy? Most African states won independence on the basis of a democratic constitution. But the various checks and balances — such as an independent judiciary, a bill of rights, and the authority of parliament or national assembly — were soon to be dismantled, by military coup or dictat.

There is, say the sceptics, nothing in Zambia's new constitution that can in itself prevent an authoritarian government re-emerging. Ethnic and regional rivalries will return,

they warn, to provide the rationale for a one-party state once more.

Michael Holman and Patti Waldmeir on political change in Africa

Step ahead, leap back



Looking for change via the ballot in Zambia

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Optimists and sceptics agree, however, that Africa's fragile democratic process needs a healthy environment in which to take root. It is here that anxiety about Zaïre and the west's role may overshadow the cautious optimism that has greeted developments in Zambia.

Zaïre's seemingly inevitable slide into chaos threatens destabilisation at the heart of

Africa. Conceivably this could have been avoided if Washington, helped by its allies, had convened a peace conference, as the US did for Ethiopia earlier this year.

It is difficult to imagine, for example, a flourishing Zambian copperbelt — source of over 90 per cent of the country's export earnings — if there is a repeat of past secessionist insurrections in Zaïre's Shaba province just across the border. Similarly Uganda's search for recovery will grow more

intractable if Zaïre's neighbouring eastern province becomes ungovernable. Nine African states are contiguous with Zaïre and exposed to its malaise.

What most worries African diplomats is the sense of a power vacuum on the continent. "Of course the end of the Cold War brings us benefits," says one. "But it is also contributing to our marginalisation in world affairs. Instead of superpower rivalry, we could have superpower indifference."

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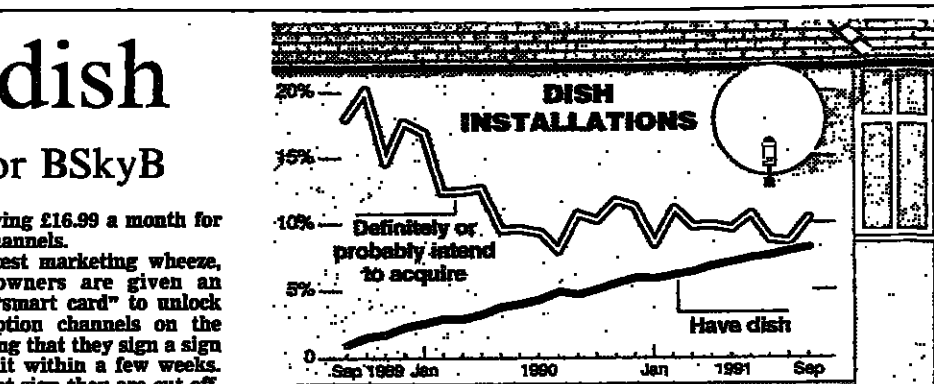
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tion terms.

Adds a west African observer: "We've got disintegrating states such as Liberia, Somalia, Sudan and now Zaïre, and the superpowers seem hardly to care. The United Nations stands aside, and the Organisation of African Unity doesn't have the resources."

Thus it may well be that Zaïre's decline into ungovernability — "Liberia writ large" — as one African diplomat puts it — will in the months ahead outweigh the good news from Lusaka. If so, the decision by the US, France and Belgium to jetison President Mobutu while making little if any attempt to fill the resulting power vacuum may prove a tragic landmark for Africa.

In many ways Mr Mobutu is a creature of the west who thrived during the Cold War. Post-colonial military intervention began soon after Zaïre's independence from Belgium in 1960, when an army mutiny prompted Brussels to send soldiers to protect and evacuate Belgian nationals. UN troops followed, after a provincial rebellion against central government. In the further turbulence that followed, foreign troops and US arms were vital in defeating other rebellions, notably in the mineral-rich Katanga, now Shaba.

When President Mobutu took over in 1965 he did so with the covert backing of the US Central Intelligence Agency, which considered him a force for regional stability and a bulwark against communism.

For the next 26 years, Mr Mobutu skilfully played on western concerns about the communist threat to Africa,

soon then as a vital source of strategic minerals. The takeover of Angola by the overtly Marxist MPLA movement in 1975, with the assistance of Cuban troops and Soviet arms, increased Mr Mobutu's importance in the eyes of the west.

In the late 1970s and early 1980s Washington increased its assistance to President Mobutu in return for being allowed to build an airbase to supply arms secretly to UNITA rebels in Angola. Since 1982, the US has given Zaïre \$500m in aid.

Western assistance to Mr Mobutu has taken other forms. Throughout the 1980s, Washington and Paris used their influence to press for debt reschedulings and assistance from the International Monetary Fund and World Bank, despite evidence of widespread corruption and Zaïre's persistent failure to make promised economic reforms.

All this time Zaïre was being run by Mr Mobutu's fiefdom, enriching him and impoverishing the country's 35m people. Only in the late 1980s did the west begin to distance itself from Mr Mobutu, who was becoming an embarrassing relic of the Cold War.

The countries that helped Mr Mobutu retain office are today being beset by Zaïre's opposition parties to send troops back as peace keepers, while the politicians attempt to resolve the country's seemingly endemic crisis.

So far they have been turned down. Historians may well look back on a week in which Zambia took a modest step forward in Africa's recovery, but Zaïre took a giant leap back.

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tion terms.

British Sky Broadcasting (BSkyB), the satellite television channel, is planning to launch a daily domestic next autumn. If the project goes ahead it is unlikely that the programme schedulers at the BBC or ITV will begin quaking in their boots or that the massive audiences for established soaps such as Coronation Street or EastEnders will experience anything but a tiny blip in the ratings. But the move will be enormously significant all the same.

A year ago today, British satellite television was a fledgling. British Satellite Broadcasting and Sky Television — agreed, in conditions of extreme secrecy, to merge. At that moment the two companies employed a total of 4,300 people (including Sky's satellite dish installation staff) and broadcasted nine channels of television to a tiny audience and making combined losses of around £2m a day.

That one year later Mr Gary Davey, deputy managing director of BSkyB, should be considering commissioning a multi-million-pound soap from a UK independent production company is a small symbol of the transformation in the

atmosphere and prospects at the modest Sky headquarters at Osterley in west London.

In showing how the £1.4bn BSkyB venture has progressed one year after the painful merger, a few numbers are more eloquent than a thousand pictures from the six channels of television the company transmits by satellite every day.

The six channels are now put out by 880 people, including about 300 at the subscription management centre at Livingston in Scotland.

Weekly losses have been reduced to £1.2m — the average over the past four weeks — although this figure rises to £4.8m a week when financing charges are included.

The satellite service, which goes under the name of Sky Television and which Mr Rupert Murdoch's News Corporation has a 50 per cent stake and three major shareholders — Granada, Pearson (publishers of the Financial Times) and Chargeurs de France — hold most of the remainder, is now claiming to be available in 2.5m homes through cable, dish and community aerials.

Last week BSkyB, with the help of massive promotion and special discount deals, sold 22,100 dishes

and is expected to notch up a total of 100,000 for October — which would make it the best sales month since the merger.

Mr Davey is particularly interested in a set of numbers that goes beyond crude totals of satellite receiving homes.

BSkyB is now available in 11.6 per cent of television owning households in the UK. But because the people most interested in satellite television tend to be families with young children, those homes account for 15 per cent of the population, for 17.5 per cent of 16-24 year olds and for 22 per cent of 4-15 year olds — a youthful and attractive market for advertisers.

We have a great deal of information about our audience. It's head down and backside up and getting on with it time," says Mr Davey.

Mr Sam Chisholm, BSkyB man-

aging director, believes that the satellite venture has been handed a golden opportunity because of the potential disarray in ITV following the tenders for new TV licences.

As a result, apart from contemplating his soap opera Mr Davey is also running his eye over possible programme deals with Thames Television, the leading ITV company to lose its franchise last month. Sky Television would be very interested in acquiring a package of programmes that would include The Bill, the twice-a-week Thames police drama.

Perhaps the most important numbers of all for Sky are the percentages prepared to subscribe to one of the two subscription film channels. Of the 1.7m homes with a dish, more than 60 per cent are paying £11.99 a month for a film channel, and of that number 60 per

cent are paying £16.99 a month for both film channels.

In the latest marketing wheeze, new dish owners are given an immediate "smart card" to unlock the subscription channels on the understanding that they sign a direct debit within a few weeks. If they do not sign they are cut off. As a result Sky hopes to increase take-up rates of subscription channels to 75 per cent.

Mr Chisholm has no illusions about the continuing challenge he faces. "We are still here in a great tribute to the staff, management and vision and drive of Rupert Murdoch," he says diplomatically. If however dish sales continue at anything like their present rate the Sky Television channels should be in 3.5m homes by the end of next year, taking the business to break even in opera-

tion terms.

Some City analysts are now starting to produce large estimates for BSkyB's value, basing their work on methods developed to value other large projects such as Eurotunnel. S.G. Warburg Securities believes the venture's present value, despite its losses and its debt, could be £2bn. The figure is based on the assumption that the company continues to install new dishes at the rate of 60,000 a month and that the proportion of film channel subscribers holds at pres-

ent are paying £16.99 a month for both film channels.

LETTERS

Naples is full of surprises

From Mr Bernard Vetter, Naples

Sir, Your article on Naples by Nigel Spivey ("Travel: Naples, full of sound and fury," October 19) was a misrepresentation.

I have been several times to Naples and found many interesting sights and beautiful places to visit which made it a well worthwhile trip.

Nigel Spivey's article obviously reflects the writer's more personal taste — which must be pretty low. You do not have to spend £185 on a BA flight to look for the negative aspects of any city.

I was astonished that a newspaper like the FT would even consider printing material of such bad taste. The article was totally unobjective and unbalanced.

Your writer has done little to promote understanding of a city that is full of wonderful surprises.

Bernard Vetter, 49 Battledown Road, London N5 1UX

This Week

From Mr David Elstein

Sir, Ray Snoddy's account of the proposed rescheduling of This Week manages to miss the point entirely. For nearly three years Thames has been under intense pressure from the whole of the rest of the ITV network to switch This Week to 7.30pm. Thames' resistance to the move has been based on our belief that the later transmission time was more suitable for our region's viewers.

Because of a number of other changes — that Thames wished to make to the draft 1992 winter schedule, we decided it was reasonable to offer in return a change so long and vociferously demanded by the rest of the network. When this offer was rejected, we immediately tabled an alternative winter schedule with This Week at 8.30pm, a situation with which Thames is entirely happy.

David Elstein, director of programmes, Thames Television, 306-316 Euston Road, London NW1 3BB

Fax service

LETTERS may be faxed on 07-523 9935. They should be clearly typed and not handwritten. Please add tax machine for the recouperation.

National Home loans expected to produce losses of up to £60m

has focused less on how much money NHL has lost than on whether it has a future. The company's share price has plummeted to 8.5p from a 1991 high of 157p.

NHL's basic problem is the downturn in the housing market and the consequent need to make huge provisions against loan losses on its mortgage lending. However, most of NHL's other subsidiaries are also thought to be performing badly.

"There will be bad debt provisions across the board," says Ms Karen Bennett, an analyst at BZW, which is predicting a loss of £30m.

out their deposits out of NHL's small banking subsidiary and the large clearing banks had to mount a \$200m rescue operation.

NHL has almost certainly had to pay a stiff price for this refinancing which will contribute to its difficulties.

What does the future hold for the company? One suggestion is that it will shrink further and become a small mortgage processing operation on the edge of the market, a move which would imply a huge exercise in cutting costs and staff. Another possibility is a takeover, if a buyer can be found.

MACARTHY, the retailer and drugs manufacturer, yesterday escaped being taken over - at least until next year.

Grampian Holdings, the Scottish mini-conglomerate, said its all-paper offer, worth £83m, had been accepted by only 10.9 per cent of Macarthy's ordinary shareholders by the final close.

It seems most shareholders have decided to wait until January for the outcome of a Monopolies and Mergers Com-

BRITISH Telecommunications' pre-tax profits increased by 5.1 per cent from £1.53bn to £1.61bn for the six months to end-September.

BT also announced yesterday that it was raising its half-year dividend by 8.6 per cent to 5.7p, in what amounted to a statement of confidence in the business.

However, Mr Iain Vallance, the chairman, pointed out that pre-tax profits for the second quarter had fallen 0.8 per cent to £785m. This seemed designed to take the edge off criticism that the company was making excessive profits.

Mr Vallance said that a combination of the recession, grow-

ing competition and a tighter price control regime meant that turnover for the half year grew only 2.4 per cent to £6,533bn. Inland call volumes increased about 3 per cent while international volumes went up 3 per cent. Mr Vallance said there was no evidence that the recession had ended during the period covered by the results.

Capital expenditure for the half year was £1,18bn, down from £1,33bn last time. During the half-year, the number of BT employees declined by 6,900.

Property profits in the second quarter were £34m lower than in the same period of last

year. Mr Barry Romeril, finance director, said pre-tax profits would have increased if property profits had stayed at the same level.

In the past six months, BT has invested in Syncoordia, its US business communications subsidiary, and continued to lose money on its stakes in McCaw, the US mobile communications group, and Mitel, the Canadian telecommunications manufacturer.

BT, however, refused to say what the impact of these international investments had been on its profits.

Earnings per share for the half-year increased 3.9 per cent to 17.4p.

Mr Rory McLeod, managing director of Southern and the proposed managing director of Invicta, said the enlarged group, broadcasting across Hampshire, Sussex and Kent, would be able to take advantage of greater advertising flexibility and economies of scale.

The two groups announced in August that they were discussing a merger, having called off similar talks in 1989. Mr McLeod said tough recent trading conditions had "focused a few minds".

Invicta incurred a pre-tax loss of £263,000 for the nine months to June 1991.

holdings of up to 22 per cent each in the enlarged group.

In March, Lord Romney paid \$3.8m or 47.5p for the 24 per cent stake in Southern owned by Crown Communications, the USM-quoted broadcasting company where he is a director.

Mr Robert Sperring, the Southern chairman, would have up to 4 per cent and Mr Robert Sibley, a founder director of Capital Radio and director of Invicta, who has substantially underwritten the offer of Invicta shares to Southern's shareholders, could end up with 4 per cent.

Over 50 per cent of the enlarged group

representing a further 65 per cent of the shares when its bid was referred over concern about the distribution of prescription drugs.

Macarthy's biggest shareholder, John Govett, the fund manager, said it would not sell its 18.26 per cent stake but would wait the outcome of the MMC inquiry.

Mr Bill Hughes, chairman of Grampian, said: "It is clear to us that the disappointing level of acceptances is the result of repeated hints and suggestions

MR RICHARD DUGGAN, chief executive of Trade Indemnity, the troubled trade credit insurer, is to resign, the company announced yesterday.

Mr Peter Dugdale, executive chairman since 1980, will assume temporary control of Trade Indemnity, which is facing mounting losses as a result of the recession.

The resignation follows differences between Mr Duggan and the board about the direction the company should take following the failure of its efforts to establish a consortium with the IGC to form a new export credit arm of the BCGI. IGC's sale to the Dutch insurer, NCM, was announced in July.

losses of £38.6m.

Münch Re, the German reinsurer group, acquired an 8 per cent stake, when Prudential Corporation declined to take up its rights.

The French company, COFACE acquired a 10 per cent stake in Trade in September, and there have been other indications that Trade might become the takeover target for European rivals, potentially jeopardising its independence.

About 50 per cent of the company remains in the hands of UK composite insurers, while the Swiss reinsurer, Swiss Re, owns an 18 per cent stake in Trade which accounts for about 80 per cent of the UK trade credit insurance.

als for the year to December 31. However, charges of \$684,000 for redundancies would push the group into a pre-tax loss of \$110,000.

Mr Jim Cole, Dowding's chief executive, attacked the group's predictions. "I wouldn't call this a profits forecast, it is a loss forecast," he said.

Dowding defended its seven for five all-share offer, which at yesterday's prices valued Tuesday at 81p, well below the target's closing price of 108p.

Mr Cole said the group would be consulting advisers over the weekend on whether to make a revised offer.

Mr Torday said the turnaround at Oldham had put paid to Dowding's claims for a takeover. Fixed costs had been cut by more than 40 per cent in two years, while monthly sales were 16 per cent higher than in the first half.

Torday also forecast extraordinary charges for the group of £500,000 - before bid costs. The retained loss for the year would be at least £1.5m.

On a lighter note, Mr Torday revealed unusual support for efforts to turn Oldham round. Production has just been completed on a sign for a Dowding depot.

THERE is no shortage in the Union of new chief executives, being brought in to rescue troubled companies. But the sense of urgency for the new chief must be all the greater when the company that needs turning around represents half his family's net worth. That is the chief executive he is replacing is his father.

Mr Timothy Vestey recently found himself in this sensitive situation when he took over as managing director of Vestey. One of the country's largest private companies, it is a holding company with interests in a wide range of businesses, including property, shipping, insurance, and food.

Mr Vestey, 42, was born in Australia, high street chain of

Lord Vestey: looking after relations with shareholders

Once at the helm, Mr Vestey wasted no time in restructuring Union International, introducing a divisional structure to the group, which has clarified responsibilities and instilled greater attention to budgets, he says.

By 70 from a level approaching 200. Union has also closed six of its seven European branches and has sold its rubber plantations, including a pork slaughter and an insurance broking business.

Management changes are already largely in place. Mr Vestey says, although additional staff with the necessary skills to address the group's problems may be needed.

"We want to continue this process," says Mr Vestey, "and we need the time that we have asked for to do so."

But the disposals are also expected. But unless the younger Mr Vestey has plans for substantially reducing the portfolio of companies held by Union, which has more than 100 subsidiaries, he will need to sell off some of its assets, at least something of his father's grasp of detail.

Brent Walker, the leisure group with debts of \$15.5m, said last night that it had won the support of 91 per cent of its bondholders in its attempts to refinance the company.

The company needed to receive a minimum of 90 per cent by last night, in order to succeed with the offer. Bondholders are being asked to swap their \$100m in bonds for new securities.

Two big bondholders - the family trusts of Brent Walker's founder, Mr George Walker, and Lombro, the international trading group - did not send in "letters of undertaking" to support the refinancing plans, however they can now be forced to accept.

IMPROVED conditions for a recovery in the housing market have not yet produced any signs of an upturn, according to Frowling, the Middlesborough-based housebuilder which reported a 40 per cent decline in pre-tax profits, from £5.08m to £3.01m, for the half year to August 31.

The company, which focuses on the south east of England, saw turnover fall 18 per cent to £19m (£23.3m). The interim dividend is maintained at 1.7p. Earnings per share declined to 2.7p (4.7p).

The group expects the number of units sold to be 10 per

cent below last year's level at about 270. It has taken advantage of the weaker market for land and purchased new plots at "satisfactory prices," totaling about \$4m. Borrowings increased by £3.4m to £30.3m to fund those purchases, giving gearing of 39 per cent.

Mr Terry Roydon, chief executive, said the affordability of houses had improved to 1986 levels, but people had been holding back because of concern about job losses, a change of government and downward pressure on prices following widescale repossessions by mortgage lenders.

Since doing so, Mr Vestey, who joined the company eight years ago, has been faced with the prospect of half the group having to appoint an administrator.

Union International, one of two subsidiaries of the Vestey Group's major subsidiary, Western United Investments, is reeling under the strain of \$432m debt and is in imminent danger of breaching its banking covenants.

For the past week, Mr Vestey has devoted his efforts to trying to convince the 70 banks scattered throughout the world

and Union could no longer certain of its banking covenants, which stipulate that its net worth does not fall below a certain level and that interest is covered at least one and a half times by operating profits.

The write-down will reduce Union International's net assets to about £130m and gearing would rise to 350 per cent.

Although the group has stated that the current problems are restricted to the holding company, Mr Vestey admits that "the trading subsidiaries were not achieving sufficient profitability to fund not only their own bor-

The problems on the trading side were compounded by a lack of strict financial controls at the central holding company, which continued to borrow funds on the hope that it would be able to repay those borrowings with dividends from subsidiaries.

The debt is mostly short-term and taken on to fund the seasonal require-

Although Mr Vestey emphasizes that discussions were a "pre-emptive" measure to keep the banks involved, he admits that the problem at Union is one that had already been identified last year but had not been adequately addressed.

The business was then headed by his father and Lord Vestey, his father's cousin. The elder Mr Vestey was not particularly a hands-on manager, but he was "hard-working, a much greater master of detail than I suspect I am," according to his son.

Mr Vestey says that his

RIGHTS OFFERS							
Issue Price \$	Amount Paid on	Latest Record Date	1991		Stock	Closing Price \$	+ or -
			High	Low			
35	Nil	2/11	8 1/2	3 1/4	ASDA	7 1/2	+ 1/2
19	Nil	2/11	2 1/2	1 1/4	Bush-Tenison 50	1 1/2	- 1/2
28	Nil	5/12	1 1/4	1 1/4	40Common Oil Sp.	1 1/2	- 1/2
28	Nil	2/11	2 1/2	1 1/4	40Common Energy, Ind.	1 1/2	- 1/2
28	Nil	2/11	2 1/2	1 1/4	40Common Energy, Ind.	1 1/2	- 1/2
17.5	Nil	12/12	1 1/4	1 1/4	40Common Reg. 100	1 1/2	- 1/2

TRADITIONAL OPTIONS		
● First Dealings	Oct. 21	London Share Service
● Last Dealings	Nov. 1	Calls in Airbours, BTR warrants
● Last Declarations	Jan. 23	'93/94, Mayflower, Next and Sterling Trust. Puts in First Natl.
● For settlement	Feb. 3	Finance Corp. and Tiphook.

For rate indications see end of

factory with sales up by 8 percent although margins declined slightly. A profit for the full year was expected.

Turnover increased from \$5.48m to \$5.76m. There was again no tax charge and losses per share came out at 8.85p (8.09p).

Mr Brian Duker, chairman, said the first phase of the New

The deficit was struck after providing \$1.14m to deal with problems in the engineering and property divisions. Losses per share amounted to 4.76p (1992: 4.75p) and the dividend 8.54p (1992: 8.54p).

Better trading helps Ingham to £26,000

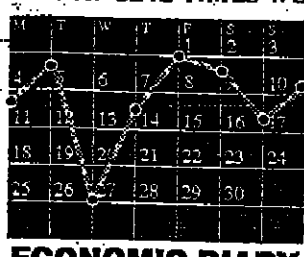
gross profit £1.3m better at £7.9m.

There is a proposed dividend of 0.1 (1.5p) and the loss per share amounted to 5.1p (9p).

Delyn 31% reverse due to French losses

Prices are determined for each half-hour in each month-end-hour period. Prices are based on the average of the bid and offer prices for the month.

Group turnover for the period was \$5.63m (\$5.6m) but operating profits fell from \$244,000 to \$242,000. The tax charge was \$110,000 (same).



ECONOMIC DIARY

TODAY: Bar Council annual meeting.

TOMORROW: Middle East peace conference bilateral talks expected to start in Madrid.

MONDAY: The Department of the Environment publishes figures for housing starts and completions in September. The Treasury issues UK official reserves for October. CSCE seminar on democratic institutions in Oslo. European Community foreign ministers discuss political union in Brussels. Second Guinness fraud trial resumes.

TUESDAY: The Central Statistical Office gives cyclical indicators for the UK economy (October - first estimate). EC-Czechoslovakia meeting on association agreement in Brussels. Mr John Major, prime minister, gives keynote address at Charities Aid Foundation conference.

WEDNESDAY: Mr Norman Lamont, Chancellor of the Exchequer, gives the Autumn Statement. The Central Statistical Office issues figures for overseas travel and tourism in August. The Department of Energy announces advance energy statistics (September). The Department of Employment, unemployment, earnings, prices and other indicators. Start of two-day Financial Times conference on "The emerging European tax system" in London.

THURSDAY: New earnings survey 1991 part D: results for particular occupations. US wholesale sales and inventories for September; consumer credit for September. European Community internal market council meets in Brussels. Start of two-day Financial Times conference "Finance, Investment and Trade with Czechoslovakia" in Prague. Nato summit in Rome (until November 8). Mr Asif Nadir, chairman of Polly Peck, accused of theft and false accounting at Bow St Magistrates Court. Heads of state or government of seven South Asian Association for Regional Co-operation countries meet in Colombo. Political committee of Western European Union defence organisation meets in Paris.

FRIDAY: Mr George Bush, US president, starts visit to the Netherlands.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS Friday November 1 1991

Figures in parentheses show number of stocks per section

Index No.	Day's Change	Est. Earnings (pence)	Div. Yield (%)	Index No.	Day's Change	Est. Earnings (pence)	Div. Yield (%)
1. CAPITAL GOODS (181)	+0.1	9.39	5.95	13.30	31.79	816.03	81.99
2. Building Materials (23)	+0.7	7.34	6.17	17.96	41.35	1081.96	99.94
3. Chemicals (10)	+0.6	8.38	6.52	16.42	49.81	1071.64	106.97
4. Electricals (11)	+0.1	8.79	5.31	14.41	84.23	2488.50	2507.15
5. Electronics (25)	+0.4	10.83	5.54	11.73	51.73	1728.78	1724.83
6. Engineering-Aerospace (8)	+0.4	15.85	7.34	7.62	18.52	354.91	355.25
7. Engineering-General (43)	+0.8	9.38	5.18	12.53	16.58	490.80	489.85
8. Metals and Metal Forming (9)	+0.3	15.28	8.27	7.95	18.43	428.78	432.13
9. Motors (12)	+0.2	7.70	7.16	17.23	17.56	335.35	341.70
10. Other Industrial Materials (20)	+0.1	8.01	5.17	14.84	57.59	1577.05	1592.66
11. Consumer Goods (196)	+0.1	7.25	2.54	17.07	34.04	1578.30	1581.20
12. Breweries and Distillers (22)	+0.1	7.98	15.26	38.33	1997.85	1941.16	1929.35
13. Food Manufacturing (19)	+0.1	7.50	4.17	13.02	29.98	1192.12	1194.93
14. Food Retailing (17)	+0.1	9.11	3.37	14.34	52.15	1237.20	1239.43
15. Health and Household (23)	+0.3	5.06	2.37	22.68	61.87	4003.20	4023.26
16. Hotels and Leisure (24)	+0.7	7.67	3.06	16.11	45.51	1337.90	1342.69
17. Media (26)	+0.3	6.86	4.62	19.04	44.40	1534.20	1524.45
18. Telecommunications (19)	+0.7	7.35	4.31	14.50	23.54	763.93	760.92
19. Utilities (17)	+0.8	7.30	3.61	17.94	30.87	1037.28	1032.37
20. Textiles (10)	+0.1	7.14	7.07	17.85	15.49	651.43	651.87
21. Other Groups (13)	+0.2	4.75	5.25	12.91	36.02	1260.30	1266.05
22. Business Services (12)	+0.1	7.64	4.68	16.27	39.29	1398.82	1412.68
23. Chemicals (12)	+0.1	7.11	5.10	16.27	48.39	1430.75	1440.25
24. Conglomerates (13)	+0.8	7.99	10.38	38.87	1488.17	1486.93	1471.05
25. Transport (13)	+0.7	7.42	4.92	16.69	68.02	2332.08	2337.22
26. Electricity (16)	+0.1	14.58	4.04	8.94	27.33	1218.02	1218.03
27. Telephone Networks (4)	+0.2	10.37	4.18	12.63	28.34	1538.91	1550.07
28. Water (10)	+0.1	7.31	4.18	12.63	28.34	1538.91	1550.07
29. Miscellaneous (23)	+0.3	5.38	5.41	25.77	70.17	1889.10	1878.74
30. Industrial Group (48)	+0.5	8.44	4.52	14.78	34.81	1288.33	1292.45
31. Oil & Gas (19)	+0.7	10.97	5.83	12.03	93.60	2385.40	2404.81
32. FT-100 SHARE INDEX (500)	+0.4	8.75	4.69	14.38	39.49	1363.12	1368.30
33. FINANCIAL GROUP (90)	+0.9	7.73	6.04	32.04	780.44	778.88	773.51
34. Banks (9)	+0.2	9.02	5.1	40.95	37.46	917.10	910.72
35. Insurance (14)	+0.1	7.58	5.88	63.68	1455.09	1454.05	1435.27
36. Insurance Companies (6)	+0.1	7.53	7.63	7.63	7.63	7.63	7.63
37. Insurance (Brokers) (9)	+0.8	7.28	6.01	17.97	43.14	1137.31	1129.94
38. Merchant Banks (7)	+0.3	4.85	4.35	13.08	484.29	480.07	479.73
39. Property (35)	+0.9	5.90	5.17	24.23	24.74	887.45	886.58
40. Other Financial (12)	+0.1	11.18	7.19	11.23	11.08	255.16	256.75
41. Investment Trusts (70)	+0.8	12.23	7.77	28.89	1232.12	1234.63	1232.06
42. ALL-SHARE INDEX (646)	+0.5	4.83	37.18	128.63	1242.37	1232.39	1232.39
43. FT-100 SHARE INDEX (500)	+0.4	8.75	4.69	14.38	39.49	1363.12	1368.30

FT-100 SHARE INDEX: 2549.51; Day's Change: +0.4; 10am 2555.4; 11am 2551.2; Noon 2556.0; 1pm 2555.4; 2pm 2551.2; 3pm 2546.7; 4pm 2547.3; 5pm 2547.3

FIXED INTEREST

PRICE INDEXES	Fri Nov 1	Day's Change	Thu Oct 31	Accrued Interest	Yield to Maturity
1. British Government	122.04	+0.05	122.10	2.05	10.80
2. 5-15 years (27)	134.05	+0.41	134.61	1.73	11.84
3. Over 15 years (8)	143.26	+0.50	144.76	1.60	10.60
4. Irredeemables (4)	155.64	+0.59	156.56	0.14	14.35
5. All stocks (69)	132.63	+0.32	133.05	1.92	11.33
6. Up to 5 years (2)	166.42	+0.02	166.39	0.34	3.16
7. Over 5 years (9)	149.11	+0.02	149.15	0.78	3.83
8. All stocks (13)	150.37	+0.02	150.40	0.72	3.81
9. Debt & Loan (53)	112.96	+0.57	113.61	1.82	9.26

Opening index 2559.0; 9am 2555.4; 10am 2553.2; 11am 2551.2; Noon 2556.0; 1pm 2555.4; 2pm 2551.2; 3pm 2546.7; 4pm 2547.3; 5pm 2547.3

Equity section or group Base date: 31/12/90 Base value: 1000.00

Equity section or group Base date: 30/11/91 Base value: 1000.00

Equity section or group Base date: 29/12/91 Base value: 1000.00

Equity section or group Base date: 28/12/91 Base value: 1000.00

Equity section or group Base date: 27/12/91 Base value: 1000.00

Equity section or group Base date: 26/12/91 Base value: 1000.00

Equity section or group Base date: 25/12/91 Base value: 1000.00

Equity section or group Base date: 24/12/91 Base value: 1000.00

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Equity section or group Base date: 6/12/91 Base value: 1000.00

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Equity section or group Base date: 15/11/91 Base value: 1000.00

Equity section or group Base date: 14/11/91 Base value: 1000.00

Equity section or group Base date: 13/11/91 Base value: 1000.00

Equity section or group Base date: 12/11/91 Base value: 1000.00

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Equity section or group Base date: 10/11/91 Base value: 1000.00

Equity section or group Base date: 9/11/91 Base value: 1000.00

Equity section or group Base date: 8/11/91 Base value: 1000.00

Equity section or group Base date: 7/11/91 Base value: 1000.00

Equity section or group Base date: 6/11/91 Base value: 1000.00

Equity section or group Base date: 5/11/91 Base value: 1000.00

Equity section or group Base date: 4/11/91 Base value: 1000.00

Equity section or group Base date: 3/11/91 Base value: 1000.00

Equity section or group Base date: 2/11/91 Base value: 1000.00

Equity section or group Base date: 1/11/91 Base value: 1000.00

Equity section or group Base date: 31/10/91 Base value: 1000.00

LONDON TRADED OPTIONS

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INTERNATIONAL COMPANIES AND FINANCE

CBS moves into red as advertising revenues decline

By Karen Zagor in New York

After a delay of nearly a month in reporting third-quarter results, CBS yesterday turned in a loss of \$18.1m or \$1.11 a share from continuing operations, reflecting an additional after-tax provision of \$18.5m or \$1.23 a share for further losses from baseball and football coverage.

The US media group, which is controlled by the family of Mr Laurence Tisch, earned \$43.5m or \$1.69 a year earlier. Revenues fell 5 per cent to \$625.6m in the 1991 quarter from \$661.9m.

CBS, which paid \$1.06m for the rights to Major League Baseball three years ago, has been hit both by a drop in advertising revenues and by a surplus of sports programming created by the advent of cable television. Yesterday's write-off comes on top of last year's \$115m after-tax losses on CBS's baseball rights deal.

Mr Tisch said the proliferation of sports programming hours, particularly by cable

and the shift of traditional sports advertising dollars into less costly forms of product exposure and competing media had transformed the structure of sports television.

Looking to the fourth quarter, Mr Tisch said advertising demand showed signs of modest improvement in prime time and day time, but "the slow and sluggish pace of this recovery is not encouraging".

In the first nine months of 1991, CBS had a net loss of \$50.2m against net income of \$35.3m, on sales which fell 10 per cent to \$3.1bn from \$3.4bn. The company's loss from continuing operations was \$108.1m against income of \$266.8m a year earlier.

According to Mr David London, an analyst at Wertheim Schroeder, improvements in CBS's share of the prime time and day time television markets had helped the network's fundamental position, despite the losses from sports programming.

Delta begins large international expansion

By Paul Betts, Aerospace Correspondent

DELTA Air Lines yesterday launched its biggest international expansion in its 62-year history with the doubling of its transatlantic flights and the opening of its new international hubs at New York and Frankfurt acquired from Pan American Airways.

The new transatlantic services are expected to add an additional \$1bn in annual revenues to Delta's current \$95m a year turnover. Mr Ronald Allen, the airline's chairman, said yesterday they are also expected to intensify the already fierce competition on busy transatlantic routes between European carriers and increasingly expansionary United States carriers such as United and Delta.

Delta will now operate 183 round-trip flights a week across the Atlantic compared with 92 weekly round trips last month. It has added 21 cities in Europe, India and the Middle East on its schedule, with Frankfurt becoming its principal European hub serving the US, India and the Middle East.

Mr Allen said the complex transaction with Pan Am was expected to end up costing Delta "a little over \$600m". Some analysts have suggested the acquisition of the Pan Am assets and Delta's plans to invest in a 45 per cent equity stake in a restructured Pan Am, based in Miami, could cost the airline more than \$1bn.

Mr Allen believed Delta would successfully integrate the new Pan Am operations because it had the US domestic airline network Pan Am had never had to feed extensive international services. It was financially strong and it had a reputation for customer service.

Although the transatlantic expansion is likely to lead to competition between Delta and Swissair, its European partner, in which it holds a small cross-shareholding stake, Mr Allen said the Pan Am acquisition would enhance Delta's co-operation with Swissair.

The two carriers have already reached a maintenance agreement whereby Swissair will provide the heavy maintenance for the 21 Airbus A310 widebody aircraft Delta has taken over from Pan Am. This maintenance deal is worth about \$60m a year, Mr Allen said.

Delta also has a cross-shareholding agreement with Singapore Airlines which in turn has cross shareholding links with Swissair to form a tripartite alliance. Mr Allen suggested yesterday Delta was not looking actively for new alliances.

Future of Foster's hangs in the balance

Kevin Brown on a row which may signal the break-up of the Australian beer group

After a year out of the limelight, Mr John Elliott is back in the headlines following a public row this week with Mr Nobby Clark, chairman of Foster's Brewing, the Australian beer group.

The angry exchanges between the two men came as no real surprise - Mr Elliott, who gave up running Foster's last year after a boardroom shakeout, never looked happy as a passive investor in the company he transformed from an obscure jam-maker into the world's fourth largest brewer.

However, it remains unclear whether Mr Elliott will pursue his attempt to regain control of Foster's to the point of forcing a dramatic takeover of the company's annual meeting in two weeks' time.

If he does, most observers think he will win, possibly signalling a break-up of the group's brewing interests, which include Carlton and Foster's in Australia, Courage and Watney in the UK, and half of Molson in Canada.

Such an outcome might solve the financial problems of International Brewing Holdings (IBH), the private company chaired by Mr Elliott which is the biggest shareholder in Foster's. But it would be a sorry end to the group's ambition to "Fosterise the world".

Foster's problems stem from a 1989 management buy-out in which IBH, then called Harlin Holdings, intended to acquire

around 90 per cent of Foster's, then called Elders IXL, emerged with 56 per cent after many shareholders found the offer price of A\$3 per share (now equivalent to A\$2.56) too attractive to miss.

The buy-out left IBH with debts of around A\$2.75bn (US\$2.16bn), made up of A\$1.6bn to a syndicate of banks led by Hongkong Bank.

Mr Elliott avoided a debt crunch by raising A\$600m through the sale of a 17 per cent stake in Foster's to Asahi Breweries of Japan, which later purchased a further 2.9 per cent stake on the market. However, the uncertainty over Foster's future caused a collapse in the share price from a peak of A\$2.44 in early 1990 to a low of A\$1.24 in January. At last night's closing price of A\$1.73, IBH's remaining 37.5 per cent holding is worth around A\$1.5bn, compared with debt of A\$2.4bn, including accrued interest.

The market reaction forced Mr Elliott to resign as chairman and chief executive, restoring some stability to Foster's after more than a year of speculation about its brewing interests of Grand Metropolitan.

However, rumours of boardroom clashes began to circulate earlier this year, after the asset sales programme was slowed by Mr Peter Bartels, the Foster's manager who was appointed chief executive to replace Mr Elliott.

The dispute came to a head in September, when Mr Bartels persuaded the board not to pay a final dividend after Foster's reported a net loss of A\$4.9m for 1990-1991, again caused by losses on disposals.

The decision cut off IBH's only source of revenue to finance interest payments. Foster's also indicated it was unlikely to pay dividends in the current year.

Mr Elliott has since been seeking a way of forcing the board to reverse its stance, prompting Mr Clark to threaten to resign unless IBH promises continued support for the existing board structure, which excludes Mr Elliott from management control.

Mr Elliott said he took "strong exception" to the threat, and warned that IBH would win if it can add Asahi's 19.9 per cent stake to its own 37.5 per cent holding. Even if Asahi abstained, Mr Clark would have to gain the support of more than 30 per cent of the balance of the shares to win.

Both sides have had talks in Tokyo with Asahi recently, but there has been no indication of how the Japanese will vote.

Mr Koichiro Iwaki, Asahi's spokesman, said Foster's director, did not respond to inquiries.

Analysts say two strategies are open to Mr Elliott if he regains control. First, he could speed up the sale of around A\$2.5bn in remaining non-core assets, or he could sell the group's A\$3bn of brewing assets.

The conclusion drawn by many observers is that Mr Elliott is trying to force the board to agree to speed up asset sales, which would likely force the issue to a vote.



John Elliott: back in the headlines

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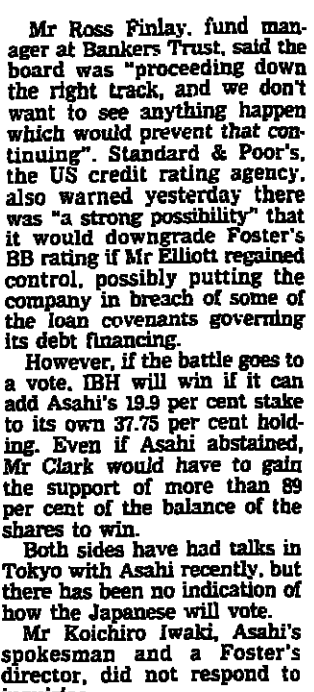
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Nobby Clark: had talks in Tokyo

Fokker may raise capital

By Ronald van de Krol in Amsterdam

FOKKER, the Dutch aerospace company, said yesterday it may launch an international equity offering of up to \$1.5bn (\$250m) in the first half of 1992, in a transaction that would boost its share capital by roughly 50 per cent.

The company's statement is a further elaboration of its confirmation last month that it was considering a \$300m global equity offering. At the time, it gave no firm indication of the timing of any share issue, though some analysts had predicted the offering could be made as early as the end of 1991.

The share issue is designed to raise funds towards the

development of two aircraft, the Fokker 70 and Fokker 130, to complement the company's current range of 50 and 100-seater aircraft.

Fokker said a final decision on whether to launch the Fokker 70 will be taken in the next few months, while the decision on the Fokker 130 is expected in the second quarter of next year.

As part of these deliberations, Fokker is talking with potential launch customers for both aircraft. If the company presses ahead with its development programme, the first Fokker 70 could be delivered by late 1994, followed by the Fokker 130 in 1997.

Esselte sells pay TV channel

By John Burton in Stockholm

ESSELTE, the Swedish office products group, yesterday sold its European pay TV channel FilmNet to a consortium led by the Swiss holding company Compagnie Financière Richemont, for more than SKr350m (\$38.5m).

Richemont is part of the Rembrandt tobacco and luxury goods group of South Africa. The deal, which gives Esselte a pre-tax capital gain of SKr450m, completes the company's divestment of its media and property assets that it began last year.

The restructuring, including

Strong overseas side boosts Mitsubishi Motors sales

By Emiko Terazono in Tokyo

MITSUBISHI Motors, the Japanese car maker, reported a 3.8 per cent dip in its third-quarter sales, but profits rose to ¥25.1bn (\$191.6m) for the six months to end-September 1991, on a 14.9 per cent increase in sales to ¥121.7bn.

Brisk demand for new models, such as the Diamante sedan, buoyed sales, pushing domestic market share up to 10.3 per cent. Operating costs rose sharply during the half year, although a lower tax charge allowed net profits to rise by 21.2 per cent to ¥1.68bn.

Domestic sales rose 12.7 per cent to ¥78bn, while overseas sales, accounting for 50.4 per cent of the total, rose 16.3 per cent to ¥78.5bn. Domestic passenger car sales were 25.6 per cent higher, while exports rose 11.5 per cent to ¥1.68bn.

As a result of a ¥167.3bn rise in cost of sales, operating income fell 8.4 per cent to ¥26bn. Overall costs rose 16.1 per cent, Mitsubishi said, due to labour, research and development costs and depreciation expenses each

rose by ¥7bn. The rise in the yen increased expenses by ¥5bn, and transportation fees rose by ¥1.2bn.

For the full year, Mitsubishi revised down pre-tax profits, because of a further expected cost increase, to a 0.5 per cent increase of ¥50.5bn on a 5.9 per cent rise in sales to ¥245.0bn. Mitsubishi said capital spending for the year would remain at ¥160bn.

Last month, Mitsubishi bought Chrysler's 50 per cent stake in Diamond-Star Motors, a car assembly joint venture with the US car company.

Mr Bunji Date, vice-president of Mitsubishi, said Diamond-Star's borrowings of \$200m would hurt the Mitsubishi group's consolidated balance sheet, but the purchase would give rise to 11.5 per cent freedom to operate in the US.

Mr Date said he expected the loss-making Diamond Star to turn profits this fiscal year. But Mr Date said the Mitsubishi Motor group expected a fall in consolidated profits for the full year.

Macy reduces losses in fourth quarter

By Karen Zagor

R. H. Macy, the highly leveraged New York-based department store chain, yesterday said it narrowed its underlying fourth-quarter losses to \$72.3m from \$80m a year ago.

Including a one-time gain of \$1.6m in the three months ended August 3, Macy had a net loss of \$70.7m, or \$0.50 a share, against a net loss of \$1.63m against a net loss of \$80m on essentially flat sales last year.

Stripping out extraordinary items for all fiscal 1991, Macy had a loss of \$262.6m on sales of \$2.76bn, against a deficit of \$215.3m on sales of \$2.77 for 1990, including one-time gains of \$12.4m in 1991. Macy had a net loss of \$150.2m.

Macy has taken steps to control costs, including reducing inventory. Although these efforts depressed overall sales, in 1991, the company said they had a positive effect on gross margins.

Macy has a high level of debt and said it will continue to explore ways to reduce debt and interest expense.

Marzotto acquires 77% stake in Hugo Boss

By Andrew Fisher in Frankfurt

HUGO Boss, the German men's fashion company, is changing clothes once again.

This time, ownership is passing to Marzotto in deal which will give the Italian textile and clothing company 77.5 per cent of the voting shares for \$165m.

Control of Boss has already changed once. In December, 1989, Mr Jochen and Mr Uwe Holy, the two brothers who founded the company, sold a controlling interest to Leyton House, a privately owned Japanese company which specialises in sports and leisure wear.

Marzotto said that the acquisition of Hugo Boss would increase its group turnover from just over \$1.1bn to nearly \$1.7bn, of which approximately \$1bn would be in clothing, and the remainder in accessories.

Marzotto ranks among the largest textile and apparel manufacturers in the world. Last year, Boss raised sales by 4 per cent to DM921m

(\$542m), but suffered a 22 per cent slide in net profits to DM28m.

It has encountered problems in the US, where it bought a big clothing company in 1989. J.P. Morgan, the US investment bank advising Marzotto - a quoted company controlled by the Marzotto family - said the transaction should be completed by the end of the year.

It added that Marzotto did not intend to make a public tender offer for the remaining Boss shares.

Marzotto, which has more than tripled its turnover since 1984 through acquisitions, is acquiring a 63.7 per cent voting stake directly from Leyton House and an option to buy a further 13.8 per cent.

The remainder are widely spread. The deal does not include Boss's preference shares. The transaction is subject to certain conditions, which include the clearance by both US and German anti-trust authorities.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	\$357.85	-4.30	\$376	\$392.25	\$363.55
Silver per troy oz.	235.40	-5.25	238.55	243.35	230.50
Aluminium 99.7% (cash)	\$1155	-25.50	\$1177.5	\$1190.5	\$1109.5
Copper Grade A (cash)	\$1359.5	-15.5	\$1347	\$1472	\$1241.0
Lead (cash)	\$232.5	-2.50	\$235	\$242.5	\$227.5
Nickel (cash)	\$74.50	+7.75	\$66.75	\$73.25	\$57.25
Zinc SHG (cash)	\$981.5	-12	\$1293	\$1430	\$890.25
Iron (cash)	\$220.22	-2.5	\$220	\$225	\$215
Cocoa Futures (Mar)	1794	-10	1820	1825	1750
Coffee Futures (Jan)	5337	-16	5288	5313	5182
Sugar (LDP Raw)	\$233.5	-0.3	\$232.2	\$233	\$194
Barley Futures (Jan)	\$117.90	-0.05	\$117.40	\$117.50	\$107.75
Wheat Futures (Jan)	\$121.55	-0.75	\$119.35	\$121.10	\$111.80
Cotton Futures A Index	\$65.85	-1.40	\$67.50	\$68.25	\$55.85
Wool (44 Super)	3870	-40	3920	3920	3750
Oil (Brent Blend)	\$22.375	+0.475	\$24.05	\$25.15	\$16.75

Per tonne unless otherwise stated. R=quoted. P=previous. C=cash. S=spot.

COCOA - London FOX				Volume
	Close	Previous	High/Low	
Dec	750	738	738	
Mar	750	738	738	
May	750	738	738	
Jul	816	808	816	808
Sep	816	808	816	808
Nov	816	808	816	808
Dec	883	875	887	880
Mar	883	875	887	880
May	922	914	920	
Sep	954	944	960	950
Turnover: 3488 (2047 lots of 10 tonnes)				
GC20 includes futures, (GC20) contracts.				
Daily price for Oct 31 950.05 (950.02) 7 days				
for Nov 1 903.75 (907.46)				

LONDON METAL EXCHANGE				
	Close	Previous	High/Low	
Aluminium, 99.7% purity (\$ per tonne)				
Cash	1154.5-5.5	1180-61		
3 months	1225-3	1188-30		1188
Copper, 99.95% A (\$ per tonne)				
Cash	1358-40	1377.5-7.5		1380
3 months	1392-5.5	1387.5-7.5		1380
Lead (\$ per tonne)				
Cash	292-3	296-7		
3 months	302-4	307-8		
Nickel (\$ per tonne)				
Cash	7445-60	7460-70		
3 months	7480-5	7520-10		7480
Tin (\$ per tonne)				
Cash	5520-30	5535-45		

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

US dollar continues to weaken

THE DOLLAR continued to slide as speculation about a reduction in the discount rate mounted yesterday after a disappointingly weak US October employment report.

The dollar closed in London at its lowest level against the D-Mark since the beginning of last month after the Labour Department reported a 1,000 person fall in non-farm payroll employment.

The market had been anticipating an increase of 25,000, while the 65,000 decline in manufacturing employment compared with expectations of an unchanged number.

Not all the news was bad. September's non-farm payroll figure was revised to show a gain of 48,000 from 24,000 previously. But the market was in a bearish frame of mind and believed the October jobs news made a cut in the discount rate almost inevitable.

As London closed, some dealers were still anticipating that the Federal Reserve would

order an immediate lowering of the discount rate to 4 1/2 per cent from 5 per cent.

But a more widespread view was that the Fed would wait until the forthcoming Treasury hand auction is completed on Thursday. The most likely date mentioned for a Fed move was Friday.

The rate cut hopes were given a boost after the SouthWest Bank of St. Louis said it would reduce its prime lending rate by 1/4 point to 7 1/2 per cent from Monday. SouthWest Bank has often been in the vanguard when it comes to changes in commercial banks' interest rates, although it has not always correctly anticipated the Fed's moves.

On Wednesday the Fed allowed the key Fed funds rate to slip to 5 per cent from around the 5 1/2 per cent level which it had been previously targeting.

With no important US economic indicators released next

week the dollar is likely to be dominated by technical trading. The dollar is now at the bottom of the trading range established in the last six months. But analysts said they doubted whether the dollar had the momentum to break below the bottom of that range into new territory.

The dollar closed lower at DM1.6610 from DM1.6680 and down almost 5 pence on the week. It also fell to SF1.4600 from SF1.4650, to Y130.25 from Y130.55, and to FF5.6750 from FF5.7050.

With the markets less certain about the US economy's recovery prospects, a beneficiary was the Canadian dollar. The Bank of Canada again intervened to cap the Canadian dollar's strength as funds seeking a North American home headed towards Toronto.

The US dollar closed at C\$1.1195-00 down from C\$1.1225-00 as the market tested the important C\$1.1200 resistance level.

C IN NEW YORK

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Nov. 1	Nov. 2	Nov. 3
83.00	83.00	83.00
83.00	83.00	83.00
83.00	83.00	83.00
83.00	83.00	83.00

CURRENCY MOVEMENTS

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

CURRENCY RATES

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

OTHER CURRENCIES

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

FORWARD RATES

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

MONEY MARKETS

Global rates mixed

World money market rates were mixed yesterday with UK, German and Swiss rates heading in opposite directions. The three month rate closely shadows the bank base rate and is clearly indicating no change in interest rates until next year.

The approach of three parliamentary by-elections, two of which the Conservative majority holds with only a narrow margin, is likely to keep the market nervous next week and underpin interest rates.

Overnight money rates were kept firm after the market was left short of liquidity. The Bank of England provided total help of £500m compared with a £700m shortage.

German rates edged higher as speculation started to grow about a 1/4 point rise in the Lombard rate to 9 1/2 per cent in December when inflation is expected to increase.

The December euro-mark futures contract in London fell 8 basis points to 90.49 in busier trading. In the Frankfurt money market, rates hardened as the distortions caused by the end of the month factors disappeared. Call money traded at 8.90-9.00 per cent, up from 8.80-8.90 per cent on Thursday.

US money rates continued to ease on speculation about an imminent reduction in the discount rate to 4 1/2 per cent from 5 per cent. In Japan rates were also under pressure on expectations of a rate cut, possibly this week.

FINANCIAL FUTURES AND OPTIONS

LIFE LINE FUTURES OPTIONS

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

LIFE LINE FUTURES OPTIONS

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

LIFE LINE FUTURES OPTIONS

Nov. 1	Nov. 2	Nov. 3
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405
1.2400-1.2405	1.2400-1.2405	1.2400-1.2405

LIFE LINE FUTURES OPTIONS

Nov. 1	Nov. 2	Nov. 3
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FINANCIAL FUTURES AND OPTIONS

LIFE LINE FUTURES OPTIONS

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LIFE LINE FUTURES OPTIONS

Nov. 1	Nov. 2	Nov. 3
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LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

British Funds, etc.

No. of bargains included 231

Barclays 10% Deb 2008 - £106 1/4

Guaranteed Overseas Finance PLC 12% Deb 2008 - £116 1/4

10% Deb 2008 - £116 1/4

10% Deb 2008 - £116 1/4

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Associated Leasing PLC 12% Deb 2008 - £116 1/4

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United Property Group PLC 12% Deb 2008 - £116 1/4

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LONDON STOCK EXCHANGE

BT helps to unsettle the equity sector

By Terry Byland, UK Stock Market Editor

THE SPEECH in the City on Thursday evening by Mr Norman Lamont, the UK Chancellor of the exchequer, did little yesterday to bolster the London stock market's hopes for early economic revival. However, government bonds reacted to his comments on the funding prospects with losses of more than half a point.

On the corporate front, uncertainties over the outlook for economic recovery were fuelled by a disappointing profit and trading statement from BT, formerly British Telecommunications, which said that "the economic environment in the UK remains subdued". Yesterday's fall of 1.6 points in the FT-SE Index was a part of a reflection of losses in BT, in Wellcome and in ICI also dis-

Account Dealing Dates		
First Dealings	Oct 14	Nov 11
Options Expirations	Oct 24	Nov 21
First Dealings	Oct 24	Nov 21
Options Expirations	Oct 24	Nov 21
First Dealings	Oct 24	Nov 21
Options Expirations	Oct 24	Nov 21

London was subdued throughout the session and suffered a further setback when Wall Street opened lower, despite a cut in prime rates by a US bank, to show a fall of nine Dow points in UK hours. Trends in US interest rates are seen as largely irrelevant to the outlook for UK base rates which now appear to be on hold.

At the close, the FT-SE Index

was 165 down at 2,549.5, with a loss of 1.6 points. The week's first leg of the two week equity account, has seen the market recover less than half of the loss of the previous week. Sentiment has been away by views on whether or not the domestic economy is beginning to recover from the recession.

Optimism was set in train at the start of the week by a relatively hopeful survey of business opinion by the Confederation of British Industry. However, trading results later in the week from a selection of Britain's leading companies offered a more uncertain view of the economic outlook and the Footsie topped out at 2,550.1 on Thursday. Market strategists, having noted cautiously that customer business

in equities has been cautious, continue to take a wary view. Several important sectors of the market suffered further losses yesterday. Oil shares could make little recovery from losses suffered after suggestions that earnings could be hit by insurance costs. Bank shares continued to fall in the wake of warnings from UK brokerage houses on developments in the housing market.

Opinions among UK market strategists on the outlook for the market varied from cautious to downright negative. Mr Nicholas Knight of Nomura Research, who has moved from being the market's bear over the past few months, entitled his latest note to clients "Confidence returns - Sell."

● Retail, or customer volume, in equities has been erratic this week but has improved as confidence in economic prospects has rallied.

London SE volume



FINANCIAL TIMES STOCK INDICES

	Nov 1	Oct 31	Oct 28	Oct 25	Oct 22	Year	High	Low	Since Compromise
Government Secs	86.56	86.92	86.96	86.87	86.50	86.09	87.34	82.17	46.18
Fixed Interest	86.54	86.94	86.74	86.64	86.40	86.13	87.17	82.17	46.18
Ordinary Share	1952.7	1952.3	1978.7	1954.0	1961.3	1570.7	2108.3	1608.3	49.4
Gold Mines	161.2	164.4	165.6	169.8	166.6	170.2	222.8	127.0	75.7
FT-SE 100 Share	2549.5	2549.0	2577.1	2553.3	2558.5	2030.7	2679.6	2054.8	43.6
FT-SE Euroshare 200	1152.301	1152.301	1161.91	1156.40	1153.60	-	1168.80	1038.62	93.62

GILT EDGED ACTIVITY		
Indices	Oct 31	Oct 30
Gilt Edged	119.8	112.3
5-Day average	119.5	111.6
*SE Activity 1974, Excluding intra-market business & Overseas turnover.		
London report and latest Share index: Tel. 0898 123001		

Sharp setback in BT

DISAPPOINTING second quarter results prompted BT shares to stage the sharpest one-day fall since the stock market crash of October 1987. The shares dropped 15 1/2 to 385 1/2, the lowest level since July. Turnover climbed to 21m, the highest this year.

Profits fell slightly to £785m, but most analysts were prevented from talking about the figures because their own securities firms are involved in the government's stake in the company. One said: "I cannot comment on these appalling results". Another said BT should be trading at 350p a share.

One house firm to speak was County NatWest, which is cutting its full-year profits forecast by £125m to £325m. Mr Bobby Phillips at County said the shares had further to fall. Sentiment was bad as a result of political risk, since a Labour government might restrict profits growth, regulation, competition, which is likely to increase and because the company was less geared than most to a credit crunch in the economy. County said that BT would underperform in the long term. Cable & Wireless slipped 10 to 554p in sympathy.

The four big clearing banks suffered from a sector downgrade by securities house County NatWest yesterday. County's banking analyst, Mr Mark Eady, said indications that had a credit crunch would show little improvement had prompted profit downgrades and lower dividend expectations.

Mr Eady cut 1991 profit forecasts for the sector by an average of 14 per cent and 1992 forecasts by 13 per cent. Among the big four, Lloyds, was hardest hit in percentage terms. The shares had previously been relatively unresponsive to analysts' pessimism, but they fell 10 to 385p after County cut its 1991 forecast for the bank to £655m from £674m against £581m in 1990. It cut the 1992 forecast to £680m from £698m. Barclays was off 11 at 416p after Mr Eady cut his forecast for this year by 568m to £520m. The 1992 forecast was cut to £580m from £1,055m.

National Westminster

dropped 5 to 316p. County cut 1991 profit forecasts to £195m from £272m compared with a 1990 profit of £204m. Midland slid 6 to 285p as County reduced its 1991 forecast to a loss of £35m from its earlier estimate of a £5m tax loss. The forecast cuts follow a 20 per cent profit downgrade for the sector from S.G. Warburg which knocked the main commercial banks on Wednesday.

The only bright spot in the sector came from Abbey National which was seeing City analysts yesterday. The bank met UBS Phillips & Drew and also held a presentation at S.G. Warburg. The shares rose 5 to 278p.

Wellcome lower

Wellcome was hit by apparent progress made towards an Aids vaccine by a joint venture between Rhône-Poulenc of France and Immune Response of the US. Wellcome makes the best-selling Aids treatment Zalcitabine.

Sentiment was also hit by further publicity given to the recruitment policies of Bristol Myers Squibb, which makes the only other approved Aids treatment, DD1.

Wellcome retreated 16 to 745p in heavy turnover. USM-quoted Proteus, which specialises in computer modelling of molecules, leapt 53 to 150p as the company signed a deal with a US company over a possible Aids vaccine. The company said early laboratory trials of the drug were successful.

The power generators;

Powergen and National Power suffered from comments by Professor Stephen Littlechild, the regulator of the privatised electricity industry. The professor said that the companies might have to sell some power stations if he finds evidence that they have been using their ownership position to push prices higher. Powergen fell 5 to 161p on turnover of 3.8m, while National Power lost 4 to 153 1/2p with 8.9m shares traded.

Water stocks drifted easier on low volume on reflection of disappointing results from Thames Water (off 3 to 365p) on Thursday.

Oils continued lacklustre ahead of third quarter results from British Petroleum on Thursday. Analysts believe the results will reflect lower margins on refining and marketing, a higher tax charge and the likelihood that the chemicals unit will swing into loss.

The range of estimates for historic cost net income, the figure that strips out the effect of the oil price, is between £200m and £280m, compared with £222m in the same 1990 period, which was during Iraq's invasion of Kuwait. BP was down for most of the day before recovering to close a touch higher up at 329p.

Shell slipped a penny to 506p ahead of figures from the group's US subsidiary Shell Oil late yesterday afternoon.

ICI continued to suffer from the downturn statement that accounts for the company's nine-month results on Thursday. The shares slipped 17 to 125p.

Property and construction

stocks were buoyed by good sentiment arising from property deals earlier in the week which were seen as a vote of confidence in recovery. Among properties, British Land firmed 6 to 306p. Greycoat added 4 to 146p. MEPC gained 5 to 462p and Waters City of London hardened 2 to 115p.

Building construction and building materials changed. Marley rose 4 to 120p. Tarmac improved 5 to 174 and Redland, which was 8 better at one stage, ended a net 3 to the good at 530p.

Turnover in Barratt Developments was boosted to 2.4m by a bed and breakfast (tax-related) deal. The shares firmed 2 to 50p.

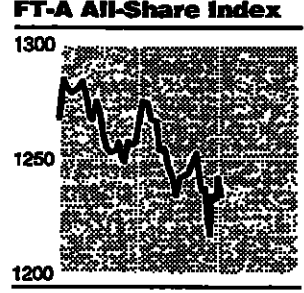
Almost one third of the shares in housebuilder Edmond Holdings changed hands as AF Budge, a private construction company, sold its stake. BZV bought 15m shares at 37 1/2p and sold them in four blocks at 38 1/2p. The quoted share price edged 1/2 lower to 39 1/2p.

There was heavy trade in Buzzi Boveri, the order in Dowty Group. The shares gave up 3 to 181p on turnover of 1.2m, but Smiths Industries, cited as a possible bidder for Dowty, bounced 5 to 255p. Talk of a bid has, however, not totally disappeared.

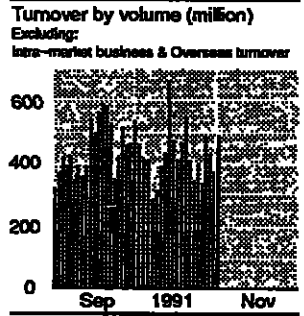
MARKET REPORTERS: Daniel Green, Peter John, Joel Kibazo, Jim McCallum.

Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

FT-A All-Share Index



Equity Shares Traded



Profit-taking was the order

in Dowty Group. The shares gave up 3 to 181p on turnover of 1.2m, but Smiths Industries, cited as a possible bidder for Dowty, bounced 5 to 255p. Talk of a bid has, however, not totally disappeared.

MARKET REPORTERS: Daniel Green, Peter John, Joel Kibazo, Jim McCallum.

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TRADING VOLUME IN MAJOR STOCKS

Volume	Change	Price	Volume	Change	Price	Volume	Change	Price	Volume	Change	Price
ADT Group	1,200	12.50	1,200	12.50	12.50	1,200	12.50	12.50	1,200	12.50	12.50
Admiral	1,200	12.50	1,200	12.50	12.50	1,200	12.50	12.50	1,200	12.50	12.50
Admiral	1,200	12.50	1,200	12.50	12.50	1,200	12.50	12.50	1,200	12.50	12.50
Admiral	1,200	12.50	1,200	12.50	12.50	1,200	12.50	12.50	1,200	12.50	12.50
Admiral	1,200	12.50	1,200	12.50	12.50	1,200	12.50	12.50	1,200	12.50	12.50

EQUITY FUTURES AND OPTIONS TRADING

THE LACK of a clear indication of further interest rate cuts in the UK Chancellor's speech at London's Guildhall, combined with a poor gilt market, led to weak trading in the Footsie futures market.

The December Footsie future opened nervously and drifted lower on reasonable volume, pulling the underlying cash index lower. It attempted a rally in mid session as dealers

looked to a firm opening on Wall Street. The subsequent disappointment prompted a return to the earlier gloomy mood.

At the official close, December stood at 2,567, 18 down on the previous session and some 6 points below its estimated fair value of 2,585. Turnover of 6,185 lots was slightly ahead of Thursday's prior figure.

In the traded options market attention focused on BT, which released lower than predicted mid-term results. BT traded 4,335 lots of which 3706 were calls and 629 puts with the February 390 calls the busiest series.

The Euro FTSE options were busy with James Capel reported to have done the biggest share of the day's business. The top two options accounted for a large share of the day's total turnover of 33,801 contracts.

NEW HIGHS AND LOWS FOR 1991

Company	High	Low
ADT Group	12.50	12.50
Admiral	12.50	12.50
Admiral	12.50	12.50
Admiral	12.50	12.50
Admiral	12.50	12.50

RISES AND FALLS YESTERDAY

Company	Rise	Fall
ADT Group	12.50	12.50
Admiral	12.50	12.50
Admiral	12.50	12.50
Admiral	12.50	12.50
Admiral	12.50	12.50

COMMODITIES

WEEK IN THE MARKETS

Production cuts too little, too late

TOO LITTLE, too late is the general verdict of the market on the production cuts by both aluminium and nickel producers this week.

The cuts in aluminium production follow the relentless advance of the aluminium stockpile in London Metal Exchange warehouses, which some analysts are now predicting could reach more than 10m tonnes. Yesterday LME warehouse stocks were up again at a record 789,125 tonnes - a rise of more than 600,000 tonnes over the past 12 months.

The size of the stockpile is such that the LME has had to change its regulations and allow the metal to be stored outdoors. Asked if warehouses were already storing aluminium out in the open against LME regulations, Mr David King, LME chief executive, said: "We have been concerned about some storage practices which we now think have been resolved."

The exchange said outside storage was commonplace in the industry. It will allow outside storage only if there is no warehouse space available; the warehouse company accepts the responsibility for security; the outside facilities have been visited by LME staff; and the metal is covered by tarpaulin.

Analysts believe the move could attract even more aluminium which is now off-warrant.

In the face of the aluminium mountain, the market was able to ignore the announcement by Norsk Hydro on Thursday that it would reduce primary aluminium production at its four

North American producer shut down a smelter producing 150,000 to 200,000 tonnes a year, or the equivalent capacity.

Meanwhile, prices continue to drift downwards. Cash aluminium closed yesterday at \$1,155 a tonne, a fall of \$22.50 on the week.

Nickel prices showed the biggest movement of the week on the LME, adding \$67.50 to the close yesterday to \$7,450 a tonne. The main spur was news, rumoured early Thursday and confirmed late the same night, that Falconbridge was cutting production. It plans to close the Nickelverk refinery in Norway for four weeks next summer, and to shut the Sudbury, Ontario, works for five weeks because of continuing low prices and a weak outlook. The company said yesterday that the cuts would reduce next year's production by about 5,000 tonnes.

Falconbridge has already announced cuts at Sudbury and its Dominican Republic ferro-nickel operations, reducing output by a total of 10,000 tonnes in the fourth quarter of 1991 and the first quarter of 1992.

However, the latest cuts are again "too little, too late," according to Mr Bhar, who points out that world supply is running at about 20,000 tonnes

above demand this year.

Three-month copper prices broke out of the \$2,250 to \$2,300-a-tonne range of the past six weeks on Wednesday as technical tightness continued in nearby supplies. Underpinning sentiment has been the political uncertainty in Zaire and the elections in Zambia, the two countries account for about 8 per cent of the world's copper production. In addition the dispute at the Highland Valley mine in Canada over a new labour contract is continuing.

Cash copper closed last night at \$1,359.50 a tonne, a fall of \$15.50 on the week. Yesterday's fall was exaggerated by sterling's strength against the dollar, however, and three-month copper still stood at \$2,332 a tonne.

On the bullion market gold has been in retreat, possibly because the Brazilian Government halted the sale of gold domestically. The Central Bank has been buying five tonnes of gold a day on the world market to replace metal sold to a population desperate to change cruzeiros into a more valuable asset.

Gold closed yesterday at \$357.85 a troy ounce, down \$4.30 on the week.

David Blackwell

Water under the bridge

WITH the sparky John Bellak as chairman, Severn Trent was always going to be among the higher profile privatised water companies, and the abrupt resignation of Stuart Larder as group finance director has underlined this trend.

Larder, who joined Severn Trent three years ago, a year before privatisation, has left to pursue other interests. He was not available for comment yesterday and Bellak declined to enlarge on the terse company statement.

Within the water industry, there was surprise at the suddenness of the departure. It was suggested that the cause could have been a clash of personality between the reserved Larder and the ebullient, mercurial Bellak. This was rejected by Bellak and other Severn Trent directors, however.

One reason for surprise at the timing of the resignation, effective from Thursday, was that it came less than six weeks before the group was due to present its results for the six months to September.

There were also unequivocal assurances that the resignation had nothing to do with the failure of the Severn Trent bid last year for the Caird waste management group, which was widely seen as an embarrassing misjudgment. The group sold its 29.9 per cent stake in

rebounded on Greenwell Montagu's position in the gilt market.

However, a Midland Bank spokesman said yesterday that there had been "no impact" in the group's market share and the firm was still the market leader. He said that the firm was currently recruiting more staff.

Greenwell Montagu Gilt-Edged has one of the strongest economic research teams in the City headed by Roger Bootle. With Thomas's departure the Greenwell Montagu research team bares little resemblance to the original team headed by Gordon Pepper. In the gilt-edged boom of the mid-1970s Greenwell's monthly Monetary Bulletin was required reading for gilt investors.

NatWest has also appointed Fred Pointon as head of group credit risk and Gerbrand Hop as director of corporate banking.

Robert Thomas, chief international economist at Midland Montagu and a director of Greenwell Montagu Gilt-Edged, has been appointed head of economic research at National Westminster Bank's Group Treasury and Capital Markets.

His departure is the latest in a series of moves over the last year or so at Greenwell Montagu Gilt-Edged, the leading firm in the UK Government Bond Market. Thomas, 46, was one of the longest serving members of the old W Greenwell gilt-edged team which Midland Bank inherited when it took over the firm.

He joined Greenwell in 1966 and became a partner ten years later. John Lake, another old Greenwell's hand and managing director of Greenwell Montagu Gilt-Edged left earlier this year.

Midland Bank said in its last annual report that Greenwell Montagu Gilt-Edged "main-

sonality between the reserved Larder and the ebullient, mercurial Bellak. This was rejected by Bellak and other Severn Trent directors, however.

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Christopher Armon-Jones has been elected managing partner of Drivers Jonas with executive responsibility for managing the firm. The senior partner, Christopher Jones, who is also senior vice-president of the Royal Institution of Chartered Surveyors, will concentrate on developing strategy and external relations.

Armon-Jones joined the firm in 1971 and managed the opening of the City and Glasgow offices.

Colin Plank has been appointed a director of Berkeley Hambro Property. George Howard and Tony Knip have joined the board of Fletcher King.

John Goodwin has been appointed managing director of Lovell Partnerships (Southern) and Will Odling mid of Lovell Partnerships (Northern).

David Jackson has been appointed a director of Berkeley and James Crosby Group.



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Continued on next page

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General House	1,570	+80	Suzuki Motor	719	-5
Chih	1,430	+80	TDK Corp.	5,240	+40
Chih	923	-12			

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Jedinec

General House	1,570	+80		
IBM	207	+10		
Intel	82 1/2	+10		
TDK Corp.	5,240	+5		
VeriFone	230	+5		
World Lease	28	+0 1/2		
Wells	1-30	-0 1/2		
Wayne Medicine	8-30	-0 1/2		
Western Union	2-10	-0 1/2		
Metall Mann	2-10	-0 1/2		
Smith Barney	2-10	-0 1/2		
Mat. Amer. Shading	0-35	-0 1/2		

NOTES - Prices on this page are as quoted on the individual exchanges and are last traded prices, not settlement prices. Ex script issue. Ex dividend.

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15	Greenwich Res Sp	17	+2		
16	Hemlo Gold Mines	23 1/2		Q20c	2.0
17	Hornetstone Mining SL	29 1/2	-1	Q20c	1.3
18	Imperial West	52			
19	Kelco Mins. IncSp	40	+2		
20	Kemore IncSp	7 1/2			
21	Norcan Resources	16			
22	Northgate Expl. CSI	68	-4		
23	Northstar Expl				

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Q or other official estimates for 1990-91. G Assumed
and yield after pending scrip and/or rights issue. N
and yield based on prospectus or other official estimates
K Dividend and yield based on prospectus or other
estimates for 1990. L Estimated annualised dividend,
P/E based on latest annual earnings. M Dividend and
on prospectus or other official estimates for 1991-92.
and yield based on prospectus or other official
for 1989-90. P Flows based on prospectus or other

IRISH	
1995	628
95-96	45
96-97	2908 +13
IRISH	
1995	192 1/4
95-96	69 1/4
96-97	113 1/4
97-98	190

Artist	Rank	Weeks on Chart	Label
RM	23	1	Capitol
Rank Dry Ord.	53	1	Capitol
Rainbow	12	1	Capitol
Aloud Intnl	15	1	Capitol
Scary	61	1	Capitol
Smile, Beethoven A.	53	1	Capitol
TL	39	1	Capitol
TSB	11	1	Capitol
Tesco	21	1	Capitol

18	Wicks	14	88
19	Wickham	15	88
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93	Wicks	89	88
94	Wicks	90	88
95	Wicks	91	88
96	Wicks	92	88
97	Wicks	93	88
98	Wicks	94	88
99	Wicks	95	88
100	Wicks	96	88

is available to companies whose shares are regularly traded on the London Stock Exchange. The fee for the United Kingdom for a fee of £1,150 a year for each company shown, subject to the Editor's discretion.



World cup winners: England's rugby captain Will Carling is the centre of attention from journalists, with today's final at Twickenham the biggest sporting event in the British Isles since the 1966 football world cup. Black market tickets for the game are expected to fetch more than £700 each and the match is being televised live in 70 countries. The competition is likely to make a profit in excess of £20m. Sweet profits, Page 4; Preview, Weekend X

Many students to be exempt from planned UK council tax

By Alison Smith

HUNDREDS of thousands of students in Britain will be exempt from the proposed council tax under a new concession announced yesterday by Mr Michael Heseltine, environment secretary.

As he launched the council tax bill, Mr Heseltine claimed that the opposition Labour party had a vested interest in retaining the existing community charge or poll tax.

The government now plans to exempt from the council tax student hostels, halls of residence and other properties with entirely student households. Some 650,000 students are in full-time education.

The government has already said that students living in households with non-students will be eligible for 25 per cent

personal discounts. The National Union of Students said: "We welcome anything that reduces the financial burden on students who are now outside the benefit system and are increasingly left to rely on loans."

Ministers faced a warning from some local authorities that the bill to replace the poll tax with a charge based on eight bands of property values could undermine the timing of the valuation exercise and perhaps the introduction of the new tax itself.

Mr Heseltine is committed to the introduction of the council tax in April 1993, and intends that the bill, which comprises 117 clauses and 14 schedules, should be through parliament by next March.

He said Labour wanted "to keep the poll tax in place, because within the poll tax regime they hope to be able to put up expenditure and blame the government".

His accusation was branded "utter nonsense and barefaced cheek" by Mr Bryan Gould, the shadow environment secretary. "It shows he is already worried that the timetable cannot be met," he added.

While Labour MPs welcomed the fact that details of the banding arrangements were contained in the bill, the Labour-controlled Association of Metropolitan Authorities said that because these could be amended - for example to provide for the regional banding favoured by some Tory MPs - there was now a ques-

tion mark over valuation work done before the bill was approved by parliament. Councils are already tendering for the valuations.

Mr Michael Portillo, local government minister, announced that a specific grant of £86m to meet 75 per cent of the estimated £155m revenue cost of implementing the new tax would be provided from within the £33.1bn for local government spending from central government grants and the business rate.

The department of the environment said start-up costs faced by councils would be taken into account in the provisional criteria for capping local authority expenditure.

Details, Page 3

Japan sees sharp rise in trade surplus

By Steven Butler in Tokyo

JAPAN posted a record monthly trade surplus in September of \$10.9bn (£6.30bn), 41 per cent higher than a year ago.

At the same time, long-term capital inflows hit a one-month record of \$14.1bn, according to the Ministry of Finance.

Until this year, Japan had not been a net importer of long-term capital since 1980. The sharp reversal of this trend has raised the prospect of increased friction with trading partners and has fuelled concern about the shortage of international capital to fund a recovery in the US economy or the rebuilding of the Soviet Union.

Japan's current account surplus, including invisible trade items such as tourism and insurance, rose by 81 per cent in September to \$8.83bn from \$4.83bn a year earlier.

The sharp higher trade surplus was a result of a 7.3 per cent rise in exports and a 7.7 per cent decline in imports. With the Japanese economy continuing to slow, and overseas economies poised for recovery, economists expect the trend to continue.

Although government officials have explained the trend as a result of currency fluctuations and reduced Japanese gold imports, economists in Tokyo are sceptical.

According to Mr Kenneth Coates, economist at Deutsche Bank Capital Markets, Japan is on the way to a trade surplus of well over \$100bn next year, which would break all records.

The increase in long-term capital inflows was accounted for mainly by a sharp rise in foreign purchases of Japanese equities. Foreigners were net purchasers of Japanese shares worth \$9.1bn, compared with \$4.47bn in August and net sales of \$1bn a year ago. The balance was also affected by a slowdown in Japanese net purchases of foreign bonds and in the flow of direct overseas investment.

The combination of a high current account surplus and record capital inflow, which brought \$22.89bn into Japan in one month, is widely seen as supporting the recent strengthening of the yen.

However, analysts say the yen's proximity to the DM2.00 level around which the Bank of England is thought likely to intervene.

It is easy to understand why the market is inclined to tread water. There are undeniable signs of recovery, but they are patchy and there are doubts about how big a rebound in

TSW action may hit franchise process

By Raymond Snoddy

TELEVISION South West, the ITV company which lost its west of England franchise in last month's competitive tenders, said yesterday it was seeking a judicial review of the decision by the Independent Television Commission.

TSW is the first of the losers to seek leave for a judicial review, but others are expected to follow, putting pressure on the ITC to justify its decisions.

If legal actions develop, the process of handing over licences could be disrupted and ITV weakened in the run-up to the new franchise period, which starts in 1993.

Four ITV companies lost their franchises and many other applicants failed to clear

the initial quality threshold. Among the most likely to seek a review is TVS Entertainment, which lost its southern England franchise.

Mr Harry Turner, chief executive of TSW, said yesterday: "We believe that we have made a bid and application that was honest, fair and credible."

TSW bid £16.17m for its franchise but, the ITC decided, it did not appear the company could maintain its service throughout the 10-year franchise period. But Mr Turner said: "We knew we would and could."

The licence was offered to Westcountry Television, which bid £7.8m.

TSW is expected to file an application for judicial review.

TSW decided to take the action at a board meeting on Thursday after an unsuccessful meeting at the ITC. The commission said it was not prepared to discuss the grounds for rejecting TSW's bid.

TSW will argue that the commission's decision was an unreasonable one.

Mr Rudolf Agnew, chairman of TVS, which was rejected because its bid of £90m was considered too high, is also seriously considering seeking a judicial review.

He described a meeting at the ITC yesterday as "highly unsatisfactory and unreasonable". Mr Agnew said he was unable to discover the grounds on which TVS was refused a licence.

TSW wants the ITC to justify its view that the company could not sustain its service when its shareholders include Time Warner, Canal Plus and Associated Newspapers, some of the world's largest media companies.

If TSW is given leave to proceed, the chances would increase that other companies such as Thames, CPT-TV (the Richard Branson/David Frost consortium) and TV Northern Ireland would follow suit.

BT prices

Continued from Page 1

Ofel will face pressure from BT's institutional shareholders to sell out its plans for regulating the company's prices before the government's £5bn BT share sale next month.

The institutions are unhappy that they may buy shares only to find that the company is forced to cut its prices and profits next year.

The Ofel official said Sir Bryan might make a statement before the sale on how BT's prices would be regulated.

But he said this would explain the procedure to be followed rather than contain any details.

Institutions also complained that a false market was being

created in BT's shares by the way Warburg was pressing them not to sell their current stakes before the government sale.

A government financial adviser said institutions which "dumped" shares in the market now should not expect to be able to buy them back in the share sale.

BT's share price fell 15 1/2p yesterday to 368 1/2p, reflecting concern among investors about future regulation and lower than expected profits.

The company's finance director, Mr Barry Romeril, claimed that it was earning average profits compared with the rest of British industry.

Mideast

Continued from Page 1

Syrian foreign minister, replied by brandishing a copy of a wanted poster of Mr Shamir from the 1940s, when he was accused by the British authorities of terrorist activity.

"He himself recognised that he was a terrorist, that he practised terror," Mr al-Sharaa said.

The exchanges exacerbated a procedural row which has jeopardised the bilateral negotiations between Israel and its Arab neighbours scheduled to begin tomorrow. Israel continued to insist last night on moving the meetings to the Middle East - including Israel - after initial opening sessions in Madrid.

Mr al-Sharaa, rejected the Israeli proposal and said it had not been decided when the bilateral talks would begin. The Palestinian delegation said it was ready to hold a meeting tomorrow, but joined Syria in opposing any move to Israel.

Mr Baker was dismayed by the vituperation that engulfed the conference. In his closing statement, which followed an unscheduled two-hour break prompted by the heated atmosphere, the secretary of state emphasised the importance of convening the meeting in the first place.

He told delegates: "This has been a start, a good start, an historic start that has broken old taboos. But it is only a start and that's not good enough."

"You must not let this start become an end. When you walk out these doors, you

carry with you great responsibilities. You carry with you the responsibility to your peoples to seek peace. You carry with you the responsibility to the world to build a comprehensive and just peace."

Mr Baker and Mr Boris Pankin, the Soviet foreign minister who co-chaired the conference, worked behind the scenes in Madrid to achieve a compromise on the venue for the bilateral talks.

The secretary of state warned the participants: "From the perspective of the co-sponsors - and indeed from the perspective of most of the rest of the world - it would be very difficult to understand how a party could now refuse to attend bilateral negotiations simply because of a disagreement over the site of those negotiations."

Mr Baker said he was disappointed that neither side had offered any of the confidence-building measures he had urged on them, such as a freeze on constructing Jewish settlements in the occupied territories and an end to the Arab economic boycott of Israel.

"Don't wait for the other side to start. Each of you needs to get off the mark quickly," he said.

In the final session of the three-day conference, intended for summing-up statements, Mr Shamir and Mr al-Sharaa declared a commitment to peace and said they wanted to avoid historical polemics. But each immediately launched vitriolic attacks on the other.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)		Paris (Cf)	
Alcoa	834 + 17	Alcoa	124 + 11
Achene	800 - 20	BS Group	130 + 4
Dowling	715 - 11	Bonded Int'l	350 + 200
Heitz	358 - 6	Cometair	282 + 16
Schweitzer	369 - 9	Harvey & Thompson	204 + 24
Volkswagen	326.6 - 7.9	Marshall Res	106 + 10
New York (\$)		Murray Enterprise	68 + 21
Am Home Prods	75 1/2 + 2	Pratt & Whitney	80 + 10
Johnson	10 1/2 + 3/4	Salisbury (J)	347 + 12
Pharm	69 1/2 - 2		
Lin Broad	29 - 1/2		
McGraw	130 1/4 - 2 1/4		
UAT	9 1/4 - 1 1/4		
Videotext	9 1/4 - 1 1/4		
New York prices at 12:30pm			
Tokyo (Yen)			
Katsumata	1330 + 100		
Lead	571 + 41		
Okeya Steel	43 + 11		
Yokohama	400 + 62		
Yusaka Trading	438 + 33		
Yokohama	1300 - 100		

WORLDWIDE WEATHER

Today: a dry, bright start in sheltered eastern and central areas but showers in most western and northern districts will extend to all parts during the morning. Over northern England, Wales and Northern Ireland there will be longer periods of rain. Outlook: unsettled with blustery showers and long periods of rain.

Location	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	10	SW 12	100	London	12	SW 12	100	London	12
Antwerp	10	SW 12	100	Madrid	12	SW 12	100	Madrid	12
Birmingham	10	SW 12	100	Moscow	12	SW 12	100	Moscow	12
Bombay	10	SW 12	100	New York	12	SW 12	100	New York	12
Buenos Aires	10	SW 12	100	Osaka	12	SW 12	100	Osaka	12
Calcutta	10	SW 12	100	Paris	12	SW 12	100	Paris	12
Canton	10	SW 12	100	Rome	12	SW 12	100	Rome	12
Cebu	10	SW 12	100	Singapore	12	SW 12	100	Singapore	12
Colon	10	SW 12	100	Tokyo	12	SW 12	100	Tokyo	12
Hankow	10	SW 12	100	Yokohama	12	SW 12	100	Yokohama	12
Hong Kong	10	SW 12	100						

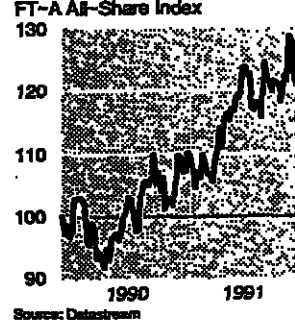
THE LEX COLUMN

Interference on the BT line

FT-SE Index: 2,549.5 (-16.5)

BT

Share price relative to the FT-SE All-Share Index



It is becoming *de rigueur* for managers of privatised utilities to don hair shirts and adopt pained expressions at being misunderstood. But the debate over BT's profitability threatened to obscure the real significance of yesterday's interim results. For the first time since privatisation, BT has not demonstrated effortless progress. In the second quarter, turnover grew by less than 1 per cent as the recession and greater competition bit into call volumes. Only rigorous pressure on costs kept profits moving gently ahead, even if the underlying picture was slightly better than it appeared (a £40m property sale distorted last year's figures).

The company was happy to use the excuse of the forthcoming secondary sale to avoid commenting on the future. Given that its shares fell by 4 per cent anyway, perhaps that was just as well. It is open to question whether BT will manage real earnings growth this year or next. It can do nothing to stop the downward momentum of prices, while the environment in which it operates is more broadly disinflationary when one considers technological and regulatory pressures. Capital expenditure is falling, and to make matters worse the lower prices introduced in September have not apparently stimulated greater usage.

One implication of all this is that the dividend will become the key attraction of BT shares, which will in future have to yield more than the market average to compensate for slow or non-existent earnings growth. The interim payment was increased by 8.6 per cent, supposedly as a sign of confidence, but more likely as an inducement to would-be shareholders.

dollar has fallen 4 pennings to DM1.620 in Europe over the past week, so the markets are not expecting a long wait.

TV companies

TSW's announcement yesterday that it will seek a full judicial review of the decision to take away its TV franchise is good news for the lawyers; it looks like a protracted waste of money for shareholders. TSW, like TVS, may have no other means of pursuing life after death - but unlike the present incumbent of the south and south-east area, share price last night for TVS: 5p) it at least appears to have some residual value. The same goes for the other two losers, TV-am and Thames. The former's intentions are still unclear, but if it runs for cash till the current licence expires next year, a break-up could provide net assets of as much as 120p per share. Thames will survive as an independent production company and has a valuable brand - but there is too much uncertainty to buy the shares at current levels.

UK construction

It wouldn't do to count on it, but company directors sometimes know a thing or two where their own businesses are concerned. It is therefore quite striking that board members of some of the UK's leading construction companies have been net buyers of their own shares in the last few weeks. According to County NatWest, which keeps an eye on such developments, the chairman, finance director and one other director of Costain bought 15,000 shares between them at prices ranging from 61p to 77p (against last night's close of 74p), the chairman, chief executive and finance director of Taylor Woodrow snapped up stock at between 161p and 165p (compared with last night's close of 164p), and the finance director of Wimpey acquired 15,000 shares at 155p (against 152p in the market yesterday).

Stripping out options, rights issues and nil paid shares there were more board buyers than sellers in the construction sector in three out of the last four months. In the six months to June (which included a false dawn in the stock market) the directors were predominantly sellers. Having underperformed the market by 25 per cent over 12 months and by almost 50 per cent over three years, the contractors clearly think they are in for better times.

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*Source: Micropal offer to bid % change Enterprise Fund (01.08.88-28.10.91) UK Growth Sector, UK Equity Fund (01.10.86-28.10.91) UK General Sector, with income reinvested.

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Weekend FT

Weekend November 2/November 3 1991

SECTION II

IT WAS an extraordinary tale of two people, two places and two cultures. It began in 1913 with a letter from a 25-year-old Indian clerk to G.H. Hardy, mathematics don at Trinity College, Cambridge.

The clerk, a stubborn, squat eccentric with little formal education, sought Hardy's views on various theorems. He was soon to be brought to Cambridge, hailed as a mathematical genius in a tradition stretching back through Newton to Euclid, and to die at the age of 32 leaving behind several thousand formulae, written in three notebooks and on scrap paper. His story, that of an "inscrutable intellect and a simple heart," is now told in the first full-scale biography of Srinivasa Ramanujan.

First, the letter to Hardy. "I beg to introduce myself to you as a clerk in the accounts department of the Port Trust Office at Madras on a salary of only £20 per annum," wrote Ramanujan. "I have not trodden through the conventional regular course which is followed in a regular university course but I am striking out a new path for myself."

The letter went on for 10 pages, each filled with formulae, "most of them wild or fantastic-looking, one or two already well known, laid out as though they were original."

Ramanujan, it was learnt later, had already written to two other distinguished Cambridge mathematicians, H. F. Baker and E. W. Hobson, but both had declined to help. Now Hardy, only 36, but already at the height of his powers, had to decide whether the letter was a hoax from some recent graduate or the work of a genius.

Hardy remarked of the theorems: "I had never seen anything in the least like them before. A single look at them is enough to show that they could only be written down by a mathematician of the highest class... they must be true because, if they were not true, no-one would have the imagination to invent them."

In the second paragraph of his introductory letter, Ramanujan said the 18th century Swiss scholar, Leonhard Euler, and many other great mathematicians were wrong to think that the terms in the gamma function could not have negative values. But this function extends the idea of factorials to numbers other than whole numbers. (Thus, factorial 4 simply equals $4 \times 3 \times 2 \times 1$. Factorial 4.5 is expressed by a more complex gamma sequence). By the third paragraph, Ramanujan was disputing an assertion made in a pamphlet Hardy had written three years before, part of a series called *The Cambridge Tracts in Mathematics and Mathematical Physics*. At one point, Hardy had cited a familiar mathematical expression, the theory of prime numbers. He had asserted that the precise order of part of the expression had not been determined.

Well, Ramanujan now wrote, it had been determined; he had determined it. "I have found an expression (for the number of prime numbers) which very nearly approximates to the real result, the error being negligible." He was saying that the prime number theorem,



The shipping clerk who found infinity

John Kitching on the strange life of the uneducated Indian who went to Cambridge and changed mathematics

as it was known in the mathematical world (and had been since the days of Euclid), was inadequate and incomplete, and that he, an unknown Indian clerk, had something better.

Hardy eventually decided to set about bringing Ramanujan from south India to Cambridge, thus beginning one of the most unusual collaborations in history. It was to be a meeting of two minds and little else.

Hardy was a creature of regular habits. He read *The Times* over breakfast, especially the cricket scores. He worked for four hours or so in the morning, then had a light lunch in Hall, perhaps played a little tennis in the afternoon. His career was well in place, his life comfortable.

He was also an atheist, "a devout one". He once grumbled to a friend

as the church clock chimed near Fenner's, the university cricket ground: "It's rather unfortunate that some of the happiest hours of my life should have been spent within sound of a Roman Catholic church."

Ramanujan had been brought up in remote south India amid ancient Hindu rituals. As a child he survived smallpox, and bore the scars. He did not speak until he was three, and it was feared that he was dumb. He was difficult and self-willed and the only detailed book on mathematics he was known to have read (at about 16 years old) was G. S.

Carr's *A Synopsis of Elementary Results in Pure and Applied Mathematics*, a long collection of theorems aimed at helping students to pass the Cambridge mathematical tripos.

At Cambridge, he kept a poster of an Indian deity in his room and each morning went about the Brahmin rituals. He would change into a dhoti, apply the caste mark to his forehead and perform his devotions. Only if he was going out would he change into Western clothes.

People often did not see him; he was usually busy in his rooms. But when they did, they noticed him -

remembered his squat solitary figure as, in the words of one, he waddled across Trinity's Great Court, his feet in slippers, unable yet to wear Western shoes.

Ramanujan's letter to Hardy caused quite a stir in pre-First World War Cambridge. "No-one who was in the maths circles in Cambridge at that time can forget the sensation caused by it," wrote Trinity don R.F. Neville years later.

Hardy showed it to everyone and sent off parts to experts in particular fields. Amid all the excitement, the original covering letter and one page of theorems got lost. After an interval of a few weeks, Hardy sat down to deliver to Ramanujan the verdict on his letter: "Dear Sir, I was exceedingly interested by your letter and by the theorems... you will, however, understand... it is essential that I should see proofs of

some of your assertions."

Ramanujan was to respond in a rather cocky vein: "What I tell you is this: verify the results I give and if they agree with your results, got by treading on the groove in which the present day mathematicians move, you should at least grant that there may be some truths in my fundamental basis." He went on in this tone for two more pages and then proceeded to expound more theorems.

Later, many would see in Ramanujan an appealing genuine humility. There was little evidence of it in these early exchanges. But Hardy himself once wrote: "Good work is not done by humble men."

By Hardy's arrangement, in the late spring of 1914 Ramanujan, leaving behind his wife and mother, arrived at lodgings in Chesterton Road, Cambridge, to begin their unlikely collaboration.

The back of the house faced a large garden, which had once been a pear orchard. From the second-floor sitting room, Ramanujan could look out over the river Cam and Victoria Bridge and at the broad expanse of Midsummer Common with its criss-cross of paths.

There was, of course, business to attend to - fees to pay, paper-work to get through. Hardy and Neville took care of most of it. A printed list of first-year students, prepared after the Michaelmas term of the previous year, listed each student alphabetically. Now, squeezing it in between Pugh F.H. and Rawlins J.D., wrote in Ramanujan's name.

He had not come to Cambridge primarily to learn, but to teach. Nevertheless, arriving in time for the Easter term, which began in late April, he did attend a few lectures. Some were Hardy's. Others, on elliptic integrals, were given by Arthur Berry, a King's College mathematician in his early 50s. One morning early in the term, Berry stood at the blackboard working out some formulae and at one point looked over to Ramanujan, whose face fairly glowed with excitement.

Was he, Berry enquired, following the lecture? Ramanujan nodded. Did he care to add anything? At that, Ramanujan stood, went to the blackboard, took the chalk and wrote down results Berry had not been able to prove and which, Berry concluded later, he could not have known before.

Soon the word was getting out about Ramanujan. W.N. Bailey, then an undergraduate, heard "strange rumours that he had been unable to pass examinations, and that he had run away from such terrors. But apart from these rumours, we only knew that his name was Ramanujan, and even this was pronounced wrongly."

Many remembered the fat, pock-marked figure who often worked all night and slept all day. They remembered also that, when animated, Ramanujan spoke rapidly with eyes twinkling. Even when eating, he might continue an idea or joke with his mouth full.

It was clear to Hardy that his instincts about Ramanujan were right. Together now in Cambridge there was no longer the need for those long, awkward letters across a

A shared obsession with the joy of numbers

Hardy and Ramanujan shared an intense fascination with numbers. One day, Hardy visited the ailing Ramanujan in a Putney nursing home. Desperate for small talk, he remarked that the number of his taxi, 1729, or 7 multiplied by 13 multiplied by 19, was rather dull. "No," said Ramanujan, "it is very interesting. It is the smallest number expressible as a sum of two cubes in two different ways." (The answer, by the way, is: $12^3 + 1^3$ and also $10^3 + 9^3$).

Both men were bewitched by prime numbers and the fact, proved by Euclid, that there were no last primes. Ramanujan discovered that, as you kept counting, you encountered a lower density of primes. They never ran but the rate at which you encountered them dropped off. By the time you were in the billions, there were still five primes in every 100 numbers, compared with 15 per 100 in the first thousand.

Ramanujan sought a hidden pattern. "Take the sequence 31, 331, 3331, 33331, 333331, and 3333331. Each is prime, so is the next in the sequence. But the pattern self-destructs at 33333331, the product of 17 multiplied by 19,507,543."

It was a delight in the beauty of number theory that kept Ramanujan and Hardy together. When not discussing primes, it was often their opposite, composite numbers. They discovered 24 to be "highly composite," having 8 divisors (1, 2, 3, 4, 6, 8, 12, 24) four more than the number 22. It was in Hardy's phrase "as unlike a prime as a number can be."

Ramanujan explored the properties of composite numbers for some time. At one stage he listed about 100 which were highly composite. They began with 2, 4, 6, 12, 24, 36, 48, 60, 120. He searched for and found a pattern. "The prime factors from which any composite number, N, was built could be written thus: $N = 2^a \times 3^b \times 5^c \times \dots$ where a, b, c, and so on are the powers to which the primes 2, 3, 5 are raised. The number 24, for example, can be viewed as $2^3 \times 3^1$ where a = 3 and b = 1."

Ramanujan proved to Hardy that with two exceptions (4 and 36) the last power necessary to construct a composite number was always 1. He also found that for any composite number, b was always equal to or larger than a, c equal to or larger than b and so on. Count as high as you like, said Ramanujan, but you will never find a composite number such as: $N = 2^a \times 3^b \times \dots$. Never.

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The Long View / Barry Riley

A 5 per cent solution



DO YOU recall 5 per cent interest rates? In this country you would need a fairly long memory, going back to 1977 (for six weeks) and before that 1972. But, in the US, where monetary sovereignty is still robustly practised, and interest rates can be used as a weapon against recession, the Federal Funds rate was cut to that level this week.

So it is not all that surprising that on Wall Street the Dow Jones industrial average has again been threatening its high. As for London, the British Aerospace rights issue may have been shot down in flames this week, but the UK stock market as a whole has zoomed up again. Profit-taking there may be from time to time, but the underlying tone remains sound on both sides of the Atlantic.

But in the UK this is the bull market that has largely passed the small investor by. The All-Share Index is some 25 per cent higher than a year ago, but there is precious little sign of excitement, let alone celebration.

Direct investment by the public in unit trusts appears to have been running at little more than £100m a month net this year, about a third as much as in the dangerously exciting period ahead of the 1987 crash.

Private individuals have continued to be net sellers of equities, although the figures are not quite up-to-date - and moreover the British Telecom TV advertising campaign is now in full swing.

Whatever Beattie may say, a lot of people appear to have decided after the crash that equities have become too risky. At roughly the same time the returns on deposits started to become very attractive. At the beginning of this year 14 per cent was still obtainable on relatively liquid savings accounts. And, because even now you can still get more than 10 per cent gross on your money, it has been possible to avoid making any challenging decisions. But the personal balance-sheets of most British savers, at any rate the better-off ones, are gravely distorted.

Financial deregulation during the 1980s had the effect of encouraging headlong expansion by the banking system. Much of the new lending went into property, forcing up prices so that whereas a year ago the owner-occupied housing stock was worth £300bn, today it is valued at about £1,050bn despite the soggy state of prices. At that level it dominates the personal sector balance sheet.

Meanwhile the liquid deposits which largely finance mortgages have been ballooning too, and have risen from £155bn to nearly £400bn in ten years. This increase is two-thirds more than could be explained simply by inflation.

Why buy risky equities, or fixed interest bonds which are so vulnerable to inflation, when you could prosper on the basis of property? But as the housing market enters its fourth year of stagnation (or worse) in some parts of the country, notably the south east, people must be wondering whether their holdings of assets are structured in the best way. Of course, the personal sector also has more than £500bn of assets in pension schemes and life companies, much of which is invested in the stock market, but this is rather remote as far as the average saver is concerned.

Still, there is scarcely any need to panic: net interest rates on deposits of 7 per cent or so are still ahead of inflation. The only people badly affected have been pensioners trying to live off the interest from building society accounts: their income has dropped by third in the past year. British savers as a whole have sat and waited. So the stock market upsurge of the past year in the UK has largely been driven by institutions.

It has been a very different story in the US. Short-term interest rates have come down a long way, and this week they have seemed to be heading for 5 per cent or even less. The American public's huge holdings of money market funds - something like \$500bn - are looking increasingly inappropriate for the conditions.

During the second half of the 1980s US households were regularly selling equities at the rate of more than \$100bn

net each year and direct holdings of stocks dwindled to some 16 per cent of household assets. But this year a substantial restructuring of personal portfolios has been under way, with funds moving away from property and liquid assets into stocks and bonds, triggering a boom for the mutual funds industry in the process.

Will it happen here? Not so long as Europe's interest rates continue to be set by the Bundesbank, which is still more likely to raise rates than lower them as it struggles to redeem its anti-inflationary reputation. Perhaps by the middle of next year things could look very different if the German economy slows. For the time being, though, the London stock market still relies almost entirely on institutional support which is looking increasingly tired.

British pension funds and insurance companies began 1991 full of cash, but equity rights issues have totalled some £20bn this year so far and there has also been a stream of gilt-edged issues as the government deficit has begun to open up. Fund managers are also been keen to rebuild their holdings in Japan.

Recently financial institutions have actually begun borrowing, an indication they are under cash flow pressure. No wonder the rights issue bandwagon has crashed to a halt, and the equity market has suffered a modest correction after its September high point.

The trouble is, in spite of all the efforts of the government to encourage popular capitalism, direct share ownership by the public in the UK has dwindled to such an extent that private individuals will find it hard to help the institutions out. They hold just a fifth or less of the shares issued by British listed companies. Moreover these are tough times for punters when even Marks & Spencer's profits are falling.

True, 5 per cent interest rates just might make a difference, jolting the beleaguered British saver into action. But perhaps not so much if the name of the Chancellor of the day was John Smith.

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FINANCE & THE FAMILY

London Market

'For investment purposes only'

LADIES and Gentlemen, fellow shareholders: As you know, our presence on the BP share register has until now attracted little attention, certainly by comparison with Lord Hanson's interest in ICI.

Lord Hanson admitted in this week's *Spectator* that he had misjudged the likely response of the ICI board. I have a similar confession to make, reported fully in the latest issue of *Vie* magazine. Frankly, the BP board were panicked into a response I can best describe as aggressively apathetic. When I suggested to the chairman that the readers of this column wished to bring *espionage* to BP's corporate strategy, the lack of response was overwhelming. Telephone operators at BP's advisers - doubtless acting without the knowledge of the board - went in for dirty tricks: refusing to accept collect calls, audibly commenting "It's that loony again", and condemning me to long passages of Buxtehude while on hold.

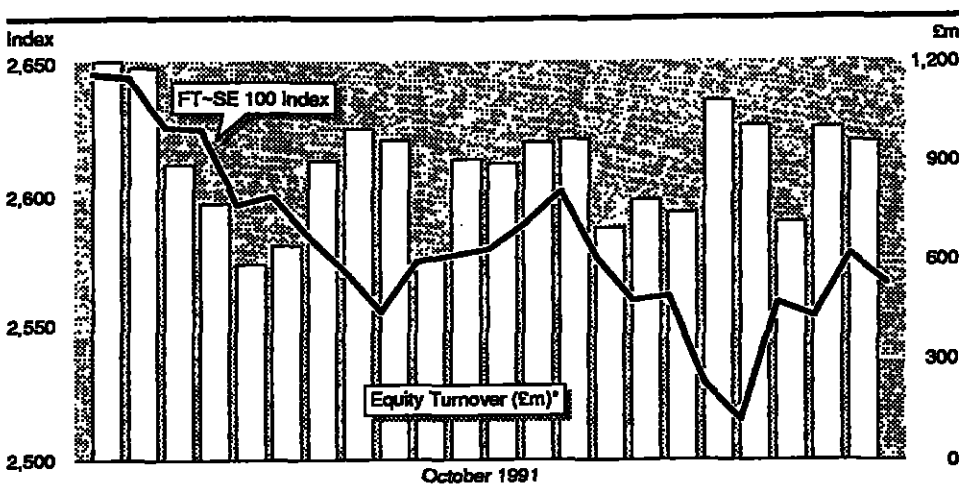
BP's ridiculous lack of over-reaction has limited our options. As Lord Hanson put it when discussing his own situation: "Because of the changes that ICI has been forced to introduce, anyone now considering a bid will have to sit back and wait. If ICI's profits collapse or if they are seen to fall, then perhaps someone will

come forward." Cometh the hour, cometh the man. In the meantime, however, the Group Medical Adviser has asked me to warn you that protracted retention of inhaled air can be harmful.

Lord Hanson's comments in the *Spectator* appeared on the same day as ICI's third quarter results. The 22 per cent rise in pre-tax profits showed the impact of the changes he was talking about, particularly cost cuts and disposals. On the trading front, ICI said, there was little sign of improvement in most major markets. Demand for industrial chemicals, a good indicator of the economic cycle, was "stuttering" in the US and the UK. In Germany it appeared to be slowing, and conditions in Australia were almost as bad as the 1930s.

ICI shares closed on Friday at 125.4p, up 13p on the week. Like other big blue-chip stocks, they were influenced by the overall tone of the market, which had made a brisk recovery from the previous week's slump.

On Monday, buoyed by strong business confidence surveys, the FT-SE index had its best day since August. It rose 43.8 points, to 2,558.5. Just as important as the scale of the rise was the fact that FT-SE was now back in the 2,550-2,650 trading range from which it



Source: Datastream

had been temporarily dislodged by worries about the British Aerospace rights issue the previous week. The market took the announcement on Tuesday that only 4.9 per cent of the BAE issue had been taken up in its stride, and on Wednesday enthusiasm for economic recovery set in again. Big companies like Marks and Spencer and Reed International reported signs of a pick-up in UK demand and the FT-SE index closed the day up 23.8 at 2,577.1. It was downhill all the way from there, with FT-SE closing on Friday at 2,548.5, up

34.8 on the week and back at the bottom edge of the 2,550-2,650 trading range again. City economists continued to sound warnings that the recovery was likely to be a muted one. Equity strategists were divided. Among the bulls, Paul Walton of James Capel talked about a market looking "incredibly cheap". It faced an unexciting few months, but was unlikely to fall much below 2,550 in the process; and after that would head upwards to achieve his target of 3,200 by the end of 1992.

The outspoken bear, Nicholas Knight of Nomura, sent out a note succinctly headed: "Confidence returns - Sell", arguing that the recovery in business confidence had been discounted months ago and was therefore an unsustainable basis for a rally.

As important as any of the arguments about economic fundamentals was an emerging eagerness about the government's sale of its 49 per cent stake in British Telecom, with the pathfinder prospectus now less than two weeks away.

Since their early-October high of 421.4p, BT shares have fallen steadily - whether measured in absolute terms, against the market as a whole, or against Cable & Wireless. BT is no longer, indeed, the most valuable FT-SE stock; it ended the week with a market capitalisation of £22.6bn, in second place to Glaxo

down 10p at 367p, after a particularly bad Friday. The interim results, out that morning, revealed a 0.8 per cent drop in pre-tax profits in the second quarter, a disappointment. Iain Vallance, BT's chairman, was notably downbeat: "Competitive and regulatory pressures have increased and the economic environment in the UK remains subdued," he said; these factors would depress near-term prospects.

Despite an 8.6 per cent rise in the interim dividend, to 5.7p, the shares dropped 18p or 4 per cent on the day. The thought that the offer for sale might go badly is creeping across a few fund managers' minds; and the way the transaction is being handled gives their nerves an exquisite tweak.

Big institutions have been told, said one fund manager, that the brokers to the issue are tracking their behaviour, watching for anyone selling shares now in order to pick it up more cheaply at the sale. Institutions caught "cheating" in this way will be penalised with tiny allocations of shares.

That locks the big institutions into the stock, but smaller fund managers or individual shareholders cannot be policed in the same way. Hence downward pressure on the share price; hence the big institutions' eagerness as they pace the sidelines. There are a few tense weeks to go.

Peter Martin

Serious Money

Why Britons need a taste of the orient

By Philip Coggan, Personal Finance Editor

THE British saver would find Hong Kong an alarming place. Residents of the colony are only too happy to hold bank deposits in several different currencies and to hop in and out of the stock market in the hope of substantial short-term gains.

It all seems a world away from the attitude of the British investor, wedded to his or her building society come hell or high inflation.

Of course, the Hong Kong saver, as I discovered on a trip there last week, is also quick to take flight, as illustrated by the runs on banks of the size of Citibank and Standard Chartered last summer. But the British investor cannot afford to be too smug after the ridiculous panic over Southdown Building Society in August.

British savers have much to commend it in that it prevents small savers from being sucked in to speculative "get-rich" schemes, where the promoters are the only ones who get rich.

The question is how to persuade the British investor to realise, like his Hong Kong counterpart, that one does not prosper in the long term by holding all one's savings in a taxable variable rate deposit account.

Part of the problem lies in the structure of the taxation system, and its effect on the financial services market. High tax rates drive the majority of private investors out of the stock market and into the arms of the life insurance industry, with all its tax privileges.

The whole structure of the financial services industry has become geared towards selling insurance-linked products. Bank and building society staff, independent financial advisers, tied agents - in other words, those representatives of the financial services industry who most regularly deal with the public - all are rewarded best for selling insurance company products.

By contrast, in Hong Kong, the buying life insurance and the

pensions industry is also less developed than it is in the UK. People know it is up to them to accumulate enough savings to cope with disaster or old age - which is why they take much greater interest in financial markets than the average Briton.

Such a Darwinian system would not be popular in the UK. But the more people who realise that there is an alternative to the insurance-related products which are so regularly shoved down their throats, the better.

Britons do not need to go mad and leap into the commodity futures market. Even a modest study of the financial products available would reveal possibilities for more effective use of savings.

UK investors could take a few tips from those in Hong Kong

Take TESSAs, for example. Surveys have indicated that only 6 per cent of the population has opened one of these accounts. What have the rest of you been doing? Have you been abroad or asleep?

There is absolutely no reason, if you have any savings at all, not to take out a TESSA. No doubt people are put off by the requirement to keep the capital in for five years before they receive the tax benefits.

There are some TESSA accounts which impose extra charges if you withdraw your money. But with many accounts, the only penalty that applies if you are forced to take out your capital within five years is that you have to pay tax on the interest. You have to do that anyway if you have your money in the building society. In other words, a TESSA has no disadvantage compared with a building society, and one big advantage - the potential of tax-free interest.

Suppose you put the maximum in a TESSA at the start of each year; interest rates average 10 per cent over the next five years, and you pay the top rate of tax which remains at 40 per cent. At the end of the five years, you would have accumulated £12,700, without the tax relief, you would have just £11,000. So if you do not open a TESSA, you might as well burn £5 notes in your garden.

Once having opened your TESSA, you can turn your attention to the stock markets. It can be daunting for the private investor to pick one share out of thousands and to find a stockbroker to buy or sell.

Fortunately, there is an easy solution. Investment trust savings schemes offer investors access to a large, diversified portfolio, and they have low costs. You can deal directly with the trust concerned, and the monthly savings system means you do not have to worry about picking the correct time to invest in the market.

It has been a fairly poor last five years for stock markets, what with the crash and the Gulf crisis. Even so, if you had invested £30 a month in the average investment trust savings scheme over the period, your money would still have grown to £2,209 (compared with £1,800 invested).

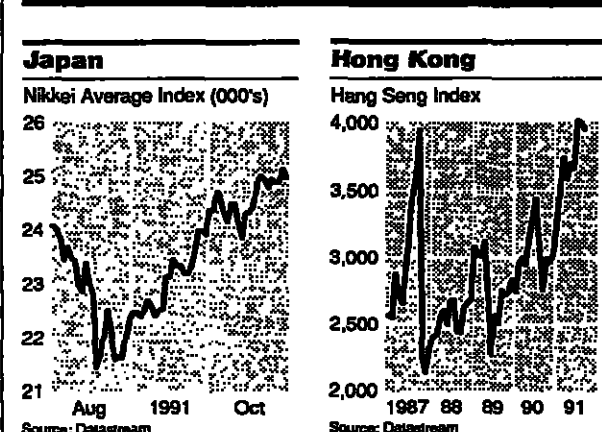
Despite these attractions, only 118,000 people have investment trust savings schemes in the UK. Why so few? It cannot be because schemes are unaffordable - they can be started with as little as £20 a month.

Neither TESSAs nor investment trust savings schemes are exactly high risk ventures. And I have not even mentioned old favourites of this column such as index-linked gilts and National Savings, which are about as rock-solid as you can get. If the British investor displayed anything like the interest in finance shown by his Hong Kong counterpart, but took only a fraction of the risks, he could get a far better deal for his savings.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2548.5	+34.8	2670.8	2054.8	Optimism on UK economy
Dow Jones	181	+13	196	145	Bid speculation
Finlay Packaging	45	+17	46	19	Agreed 45p bid from Jefferson Smurfit
Glaxo	784	+54.2	795	400	Analysts' "buy" recommendations
Greyhound	146	+21	397	120	Property deal with British Land
Kingfisher	565	+24	582	358	Stores recover on M&S figures
Marks & Spencer	288	+7	297	213.2	Good figures/hopes of Xmas sales boom
Petrol	80	+30	92	40	Increased production of new product
Redland	530	+33	658	496	Presentations to analysts
Reed Int	502	+37	508	343	Interims please the market
Reuters	975	+46	1003	673	Stock Exch news monopoly to end
SmithKline Beecham	795	+60	845	589	Good figures/swiftness from Glaxo
Standard Chartered	422	+34	431	205	Reassessment after Far East visit
Traveller House	242	+15	261	169	Analysts' recommendations
Transport Develop	258	-10	283	206	Talk of impending downgrades

AT A GLANCE



Japan market shows signs of recovery

After its precipitous fall in 1990, the Tokyo stock market is tentatively showing signs of recovering some of its former strength. The Nikkei 225 closed above 25,000 yesterday, a strong rise on mid-August when it languished below 22,000. Lower Japanese interest rates, and a perception among foreign investors that the market is due for re-rating has helped. Meanwhile, the Hong Kong market, which suffered badly in 1987, has this year climbed above its pre-crash levels for the first time. Investors are more confident about the colony's prospects, now that a deal has been agreed with the Chinese government over a new airport.

Woolwich TESSA bonus switch

TESSA account holders with the Woolwich may have received a letter this week explaining changes to the way the bonus of 0.25 per cent will be calculated for those who have held the Tessa for a year.

Instead of being paid on the anniversary of opening the account, the TESSA holder will be paid at the beginning of the quarter. If you opened your TESSA on May 26 1991, the bonus will now be paid to you on April 1 1992, instead of on May 26 1992. Woolwich has decided to divide the bonus payments into four payments, for administrative simplicity.

Fidelity trust finds favour

Fidelity raised £51.9m for its European Values Investment trust, which like many recent trust issues was linked to a PEP. The public applied for £20.4m worth of shares, of which £12m was PEP-related. The amount raised makes the offer the third largest investment trust launch this year. Dealing in the shares, which have warrants attached, will start on November 6. Page V7: Split capital trusts

L&G to 'band' house insurance

Legal & General is, in common with many other insurance groups, changing its charging system for buildings insurance. Instead of a flat rate for all houses, rates will be charged in six bands to take account of different geological conditions and geographical location. This follows a substantial increase in subsidence claims. Some homeowners will see the cost of insurance rise by more than 80 per cent.

M&G Income Trust performance

Packaged units in M&G's Income Investment Trust ended the week at 37p, 3p down on the issue price of 100p. Separately, the income shares were trading at 44p, the capital shares at 18.2p and the zeroes at 36p. Compared with the prices mooted by analysts before the trust was launched, it is clear that the capital shares have produced the weakest performance.

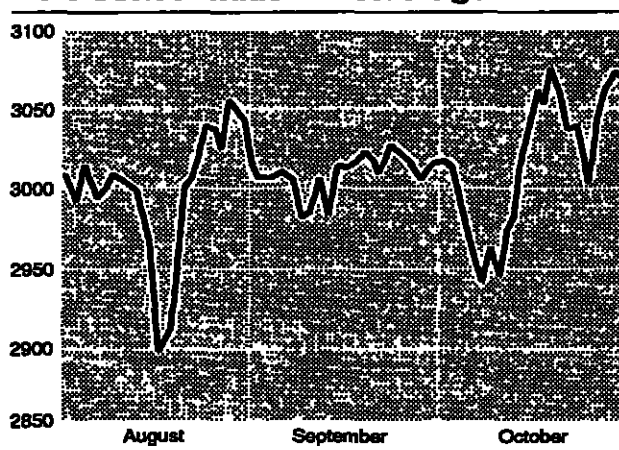
Small companies gain ground

Small company shares inched up this week, with the Hoare Govett Smaller Companies Index (capital gains version) rising by 0.4 per cent to 1260.37. In the seven days to October 31, and the County Smaller Companies Index moving up 0.3 per cent to 1009 over the same period. Meanwhile James Capel has launched a smaller companies fund, linked to a new "Triple" index amid talk of a smaller companies revival (see page V7).

Wall Street

The recovery turns into a pumpkin

Dow Jones Industrial Average



be difficult to read the Fed's hand. What the Fed did that morning was refuse to hike a slide in the key Fed funds rate, an indication that a new, lower target rate of 5 per cent may have been set to provide fresh stimulus to the economy.

The stock market was not expected either whether more policy had been relaxed, with share prices only inching

reductions in the fed funds rate and a discount rate cut of as much as 50 basis points, from 5 per cent to 4.5 per cent.

In spite of the weak economy, equities have remained surprisingly buoyant. Two weeks ago the Dow gained 100 points, only to give back 70 of those points in the following week. Over the last few days the Dow has steadily retraced the steps of its mid-October advance, and yesterday morning it was hovering not far short of its record close of 3,077.15.

One explanation for the market's resilience is that it has left behind poor third quarter earnings and is confidently discounting better fourth quarter corporate profits and even lower interest rates. The economy can only get better, goes the thinking, so investors might as well start buying for the recovery.

There was a similar logic behind the demand for Salomon shares this week. The stock rose \$3 to just below \$28 after the scandal-scattered securities house unveiled its third quarter earnings.

Although Salomon put aside a \$200m reserve to cover

potential liability costs arising from its illegal activities in the bond markets, it was able to post a quarterly profit of \$85m by taking back \$110m of earnings it had originally earmarked for employee bonuses. Investors bought Salomon on the assumption that the worst of the bond market scandal is over, and that the reserve will adequately cover the eventual costs from lawsuits and federal agency fines of the firm's misdeeds.

This could be dangerous, however, as predicting the outcome of court cases in such a litigious society is notoriously difficult. Moreover, the longer term impact of the scandal on Salomon's core businesses cannot possibly be gauged now, when the whole affair is just three months old and the Treasury has still to decide whether or not to revoke its ban on Salomon bidding for customers in note and bond auctions.

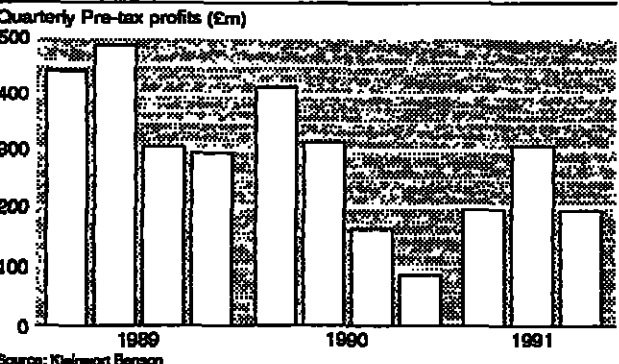
Monday 3045.62 + 40.70
Tuesday 3061.94 + 16.32
Wednesday 3071.78 + 9.84
Thursday 3069.10 - 2.68

Patrick Harverson

The Bottom Line

ICI points the gloomy way ahead

ICI Quarterly Pre-tax profits (£m)



it was one of the better recovery stocks in the market. He said that ICI's industrial chemicals divisions are most exposed in markets where demand is most depressed, namely the US, UK and Australia. Once the world economy picks up, ICI should benefit.

ICI's cost-cutting programme should also place it at a competitive advantage, according to Chantry, because the company has been able to cut staff much more easily than, say, its

German competitors. Not all agree. At Nomura, Richard Henderson was unsure that ICI was ahead of other chemicals groups in its efforts to reduce costs. And he believed such cuts merely buy a place at the gaming table.

"Most of what is saved won't drop through to the bottom line," he explained. "In the short term, any savings will be passed on to the customers in lower prices." Moreover, even

if ICI did manage to increase profits as the economy moves out of recession, some analysts remain unsure whether it would benefit the share price that much. Jimmy Price, at BZW, rated the stock a hold. He believes the benefits of recovery and cost cutting are already discounted in the price.

Price also expected little from ICI's future dividends. Coverage was already low and was unlikely to match the market's average dividend rate.

The fundamental question facing private investors is their view about a possible bid from Hanson. Analysts are, as usual, divided. Jeremy Chantry, at Kleinwort, thought "a bid is dead in the water."

Others were less sure. Hanson has retreated for good. There is clearly some speculative froth left in the stock. Last week ICI's shares fell 3 per cent in a single day after rumours hit the London market that Hanson was trying to sell its 2.8 per cent stake. The chances of a Hanson bid now comes down to a gamble on the outcome of the coming

general election. Henderson at Nomura believed a bid before the election was impossible because of the potential embarrassment to both Hanson and the Conservative party. A bid in the event of a Conservative defeat was also unlikely.

However, if the conservatives win next summer, and the industrial chemicals market began to pick up, Lord Hanson may have timed his efforts to perfection.

For private investors, most of whom own privatised utilities already and are already heavily exposed to the risk of a Labour government, the advantages of increasing political exposure look dubious in the extreme.

Nevertheless, ICI's pronouncements remain worth watching. Sir Denys, with Lord Hanson breathing heavily over his shoulder, has every incentive to identify an upswing in the economy. When Sir Denys eventually finds an upturn, he is unlikely to be slow in coming forward to proclaim his discovery.

Paul Abrahams

FINANCE & THE FAMILY

Obtaining the best deal at your bank

Scheherazade Daneshkhu has some tips for those who think that they are not making good use of current accounts

PRESSURE from consumers can make a difference. The payment of interest on current accounts is one of the best examples. The Nationwide Anglia building society pioneered the move in 1987 with its Flex account; then popular demand forced others to follow.

Yet many people are not satisfied with their current account, mainly because of the charges. A survey in October's *Which?*, the Consumers' Association magazine, found that twice as many people this year were unhappy with their bank compared with in 1990.

Yorkshire Bank and the Bank of Scotland (which offers home banking via a terminal) got the best ratings for efficiency and good service. Those above average were the Abbey National, Co-operative Bank, Girobank, Nationwide Anglia and the Royal Bank of Scotland. National Westminster was rated below average; the Midland came bottom.

The best choice of a current account depends on circumstances. Those who are overdrawn often will seek the lowest charges; customers who stay in the black will seek higher interest rates and a range of services.

In this survey, we are excluding the high-interest cheque accounts which, are sometimes presented as a current account, but offer restricted facilities. Minimum withdrawals can be as high as £250.

Interest. In general, the Big Four clearing banks pay the lowest rates on their current accounts but offer the widest range of services. Lloyds was the first of the big four banks to pay interest on a current account in the wake of their introduction by the building societies. The other three had to respond to stem the tide of defections. Midland Bank, for

example, had lost 1.5m customers by the end of 1988, until it launched its own interest-bearing current accounts in February 1989.

However, interest-bearing current accounts at the big four have in many ways failed to live up to expectations, because the interest paid on them is low. Building societies tend to pay a little more, as do some of the telephone banking services.

The tables show the interest rates on £500 and £5,000 for the Big Four, and a selected number of other banks and building societies.

Some of the best rates on £500 are at the Halifax, which pays 5.25 per cent gross (3.94 per cent net) on its Maxim account, and the Firstdirect Cheque account with 5.25 per cent (3.94). The better rates on £5,000 include Northern Rock's Current account (8.03 gross, 6.77 net) and Robert Fleming/Save & Prosper's Classic account (9.00 gross, 6.75 net).

At Northern Rock, you have to open the account with £500. From November 1, the society is allowing only six free withdrawals a month and will charge 50p for others.

The difference these rates make can be startling. If, for example, you are a basic-rate taxpayer and have a minimum of £500 a year at National Westminster, you will earn £7.50 compared with £19.70 at Firstdirect. An account containing £5,000 all year at Robert Fleming/Save & Prosper will earn £308, compared with a maximum of £131 at Lloyds bank.

Overdraft rates. Avoid being overdrawn without authorisation - banks are merciless with penalties which are clearly shown in the tables. It is best to arrange an overdraft facility precisely when you do not need it - when your bank



balance is positive. If you do go into the red without authorisation, arrange to see the manager immediately to discuss a facility.

Unauthorised rates are usually over 30 per cent a year although straight comparisons between accounts are difficult because charging structures are all different. An important point is whether there are overdraft fees on top of interest charges. Abbey National and Halifax charge 34.4 per cent on unauthorised overdrafts but

impose no other charges, while Nationwide Anglia's Flex account has a 39.2 APR. But Lloyds Classic has a 36 APR plus a £7 monthly fee if the overdraft exceeds £100.

Robert Fleming/Save & Prosper, which offers a telephone banking service, has a noticeably lower overdraft rate than many other institutions. It charges 10 percentage points above base rates for an unauthorised overdraft and 4 points above on an authorised facility.

Many banks and building societies do allow you to slip into the red without imposing draconian charges. At the Co-op bank, you are allowed an overdraft of up to £250 for three days without charge on the Ultra account; otherwise, the unauthorised rate is 31.4 per cent. At NatWest, you can overdraw by £50 without charge but amounts larger than this incur a £20 quarterly fee if authorised, with a further £30 if unauthorised.

Firstdirect, Midland's tele-

phone banking service, has a £250 overdraft built into its Cheque account and its penalties for exceeding this limit without authorisation are draconian. **Authorised:** These are usually around 10 percentage points lower than unauthorised rates; some lenders arrange their rates by negotiation. Once again, watch out for the total cost of the overdraft, not just the APR. Robert Fleming/Save & Prosper's charge of 4 percentage

Bank and account	Interest on £500		Interest on £5000		Overdraft (APR)		Overdraft charge	
	gross% net%	gross% net%	gross% net%	gross% net%	arranged	unarranged	arranged	unarranged
Abbey National Current	3.55	2.66	3.55	2.66	24.4	34.4	None	None
Bank of Scotland Chequeplus	1.75	1.31	3.75	2.81	19.2	33.6	Transactions charges	
Firstdirect cheque	5.25	3.94	5.50	4.13	20.7	37.4	None	£20pm + £5pd
Fleming/S&P Classic	2.50	1.88	9.0	6.75	15.7	20.5	None	£10pm
TSB Interest Cheque	4.0	3.0	4.0	3.0	24.5	36.0	£8pm	£10pm
Yorkshire Paymaster Plus	4.50	3.38	7.0	5.25	24.8	32.8	£7.50pm	£7.50pm

Notes: pm = per month, pq = per quarter, t = equivalent annual rate

points over base rates for an authorised overdraft (14.5 per cent at present) is one of the lowest, even including the £2 monthly fee.

Charges. This is the area that draws the most criticism from customers. The way to minimise charges is to find out how your bank structures them. No bank or building society should be levying any charges on an account which is in credit (the much-vaunted "free banking" sales pitch). Because of a public outcry, most have moved from transaction charges - charging for each cheque and autobank withdrawal for a whole quarter even if the customer is overdrawn for a few days - to fees.

Apart from overdrafts, charges for which you should watch out are:

The overdraft letter. Some charge nothing (Abbey, Woolwich, Barclays), while others fine you £15 for this.

Stopping a cheque. Charges range from nothing at Abbey National to £10 at Girobank.

Banker's draft. Nothing at Abbey to £11 at Barclays.

Duplicate statement. Up to £5 a sheet at the Big Four apart from Barclays, which

says it is at the management's discretion. Free at Abbey, Woolwich and Halifax.

Bouncing a cheque yourself. Around £15-£25.

Receiving a bounced cheque. Many charge nothing; others charge up to £15. If you think you have been charged unfairly or if a mistake has been made, write to the branch manager. Some will use their discretion over charges and they should apologise or compensate you for errors. Failing satisfaction, write to head office.

Serious complaints can be directed to the Banking Ombudsman at Citadel House, 5/11 Fetter Lane, London EC4A 3DF or the Building Society Ombudsman, Grosvenor Gardens House, 35-37 Grosvenor Gardens, London SW1W 7AW.

There is no need to stay with an unsatisfactory account but, before writing an angry letter to the manager announcing your intention to switch, check out the competition to make sure you will be getting something better. The best way is to see the new account in action, so try letting it run for a couple of months before shutting down your existing account.

Society and account	Interest on £500		Interest on £5000		Overdraft (APR)		Overdraft charge	
	gross% net%	gross% net%	gross% net%	gross% net%	arranged	unarranged	arranged	unarranged
Halifax Maxim	5.25	3.94	6.75	5.08	24.3	34.4	None	None
Nationwide Flexaccount	3.9	2.93	7.5	5.83	23.8	39.2	None	None
Northern Rock Current	4.4	3.3	9.03	6.77	19.9	29.9	£5pm	£10pm
Woolwich Current	4.35	3.25	6.35	4.76	21.0	33.0	None	£10 per withdrawal

Bank and account	Interest on £500		Interest on £5000		Overdraft (APR)		Overdraft charge	
	gross% net%	gross% net%	gross% net%	gross% net%	arranged	unarranged	arranged	unarranged
Barclays Interest Option	2.75	2.06	2.75	2.06	24.1	35.4	£8pm	£12pm
Lloyds Classic	1.5	1.13	3.5	2.63	23.8	36.0	£7pm on £100+	£7pm on £100+
Midland Orchard	2.02	1.51	3.55	2.65	23.1	35.9	£5pm	£10pm
NatWest Current Plus	2.0	1.5	2.0	1.5	21.5	33.25	£20pq	£20pq

Notes: pm = per month, pq = per quarter

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Please send me full details of Allchurches' Amity Fund BLOCK CAPITALS PLEASE

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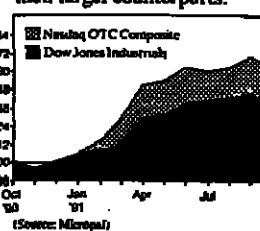
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AMSTGELD N.V./NMB Postbank Groep N.V.

Bank van Haften Labouchere N.V.

Rabobank Nederland

November, 1991



The Board of Management and Supervisory Council of Akzo N.V. decided to distribute for the fiscal year 1991 an interim dividend of NLG 1.50 per ordinary share of NLG 20.00.

As from 18 November 1991 the above dividend of NLG 1.50 per ordinary share will be payable against surrender of coupon no. 37 at: Barclays Bank PLC Stock Exchange Services Department 54 Lombard Street London EC3P 3AH and Midland Securities Service Suffolk House Paying Agency Section 5 Laurence Pountney Hill London EC4R 0EU.

U.K. Residents Dividends so payable for U.K. residents will be paid less 15% withholding tax and

U.K. income tax will be deducted from the gross dividend.

Residents of other countries For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 92, etc.). Where no such form is submitted withholding tax at the rate of 25% will be deducted. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms.

Information concerning any of the above-mentioned documents may be obtained from Barclays Bank PLC and Midland Securities Service.

Amhem, 1 November, 1991

Akzo N.V., the Netherlands

MAXIMUM INCOME ACCOUNT SERIES I VARIABLE RATE	MAXIMUM INCOME ACCOUNT SERIES II VARIABLE RATE	MAXIMUM INCOME ACCOUNT SERIES III VARIABLE RATE	MAXIMUM INCOME ACCOUNT SERIES IV VARIABLE RATE
Applicable to new and existing accountholders	Applicable to new and existing accountholders	Applicable to new and existing accountholders	Applicable to new and existing accountholders
3 YEAR TERM SHARE (minimum investment £1,000)	3 YEAR TERM SHARE (minimum investment £1,000)	3 YEAR TERM SHARE (minimum investment £1,000)	3 YEAR TERM SHARE (minimum investment £1,000)
8.60% (net p.a.)	8.60% (net p.a.)	7.85% (net p.a.)	7.85% (net p.a.)
11.46% gross*	11.46% gross*	10.46% gross*	10.46% gross*



General Portfolio

*Equivalent gross rate for basic rate taxpayers. Full details of these accounts can be provided on request. Rates effective from 1st October 1991. General Portfolio Life Insurance PLC, General Portfolio House Harlow, Essex. S20 2EW. Tel: 0279 626082. A member of Lautro.

FINANCE & THE FAMILY

BT share offer hits a PEP predicament

SHARES in the new BT offer can be placed in one of the new single company PEPs (Personal Equity Plans) it was announced this week. However, the partly paid nature of the offer could raise complications for PEP investors in the future.

At present, an individual is allowed only one £5,000 PEP per year. From January 1 investors will be allowed to open an additional "single company" PEP up to a maximum of £3,000.

Shares in the new BT offer will be able to be placed into these PEPs, as long as it is within 42 days of the shares being acquired.

Several sources have pointed out there is a potential problem. Suppose the investor was to buy 3,000 BT shares, part-paid for a notional £1 each. This would "fill" the PEP but the shares have only been partly paid for. What happens when there is the second call for payment next year? Full payment would push the value of the shares above £3,000.

The query has stumped many a competent stockbroker. The Treasury finally clarified the point earlier this week with a response that many of our readers feared. It says: "If the future instalment on the

shares in the PEP exceeds the subscription limit for a PEP in that year, appropriate arrangements will have to be made for some of the shares in the PEP to be sold or transferred from the PEP."

This is a far from satisfactory solution. PEPs are designed to encourage long term equity investment. But if an investor were to receive a full £3,000 BT application, he would either have to sell or

The partly paid nature of the shares could cause complications, warns Scheherazade Daneshkhu

transfer part of the holding out of the PEP within 10 months. And then he would have to go through the same process again when the third instalment is due.

The problem may prove illusory, in that frequently in previous privatisations investors received derisory allocations of £200 or so. That sort of figure is not worth placing in a PEP. The chances are that investors will only get a full £3,000 if the offer does not go well. And there is

nothing to stop investors placing the full £5,000 of BT shares in a general PEP, if they are allocated this much. Of course the same problem with future instalments would still apply.

The Inland Revenue says that the second instalment of BT will fall within a separate tax year, allowing the investor to include payment for the instalment in next year's single company PEP. The second call is expected to be next autumn.

This does mean, however, that the investor will have to use up two years' single company PEP entitlements to buy the same set of shares. What is more, the third instalment is expected to be within the same tax year as the second and the Revenue says that this may give rise to "complication." In other words, shares will have to be sold or transferred from the PEP.

"PEPs are a way of holding shares with tax privileges and those privileges have to be limited to keep the cost on a manageable basis," said the Revenue. Cynics might suggest that the Revenue does not want to create a loophole for PEP managers to exploit, by making new issues in partly-paid form a means of getting round the annual maximums.

The Week Ahead

UNILEVER'S third quarter results, due on Friday, are expected to show modest growth after a 1 per cent fall in the first half. Analysts' forecasts range from £292m to £330m, up from £496m. The main source of recovery is expected to be in North America. The company says business there began to improve in early summer, while the restructuring of its Lipton beverages operation in the US should also start to show results. British Petroleum will report its third quarter results on Thursday against a background of firm oil prices but weak refining margins. An increase from £103m to £215m is forecast in its replacement cost profit, which strips out the effect of stock gains and losses. However, historic cost earnings are expected to be depressed at £292m, after £282m in the same 1990 period, as a result of lower stock gains. Analysts are anxiously awaiting interim results from J. Sainsbury, the grocery chain, due out on Wednesday. The numbers themselves are likely to be reassuring with pre-tax profits at about £320m, compared with £278m. But followers will be keen to hear the company's response to the recent scare stories about price wars and falling sales volumes in the food trade.

COMPANY NEWS SUMMARY

Company	Value of bid per share	Market price	Price before bid	Value of bid	Bidder
Anglo Sardinian	52.4	55	56	18.5	Scottish Cities
Anglo Sardinian	102.4	95	91	20.4	Int'l sh'hldrs op
Beazer	113.2	114.2	83	315.44	Hanson
Douglas (R.L.)	402	402	520	75.30	Liberty Grp.
Hawker Siddeley	7105	722	640	1.40m	BTI
Interlink Exp.	311	308	300	50.54	Wayne Nickless
Racal Elec.	48.2	57	51	685.57	Williams Hodge
Sovereign Oil	1675	165	214	13.69	Dowling & Mills
Torday Carlsberg	978	108	64	13.69	Dowling & Mills
Ultramar	315	344	277	1.17m	LASMO

*All cash offer. †Cash alternative. ‡For capital not already held. †Unconditional. ‡Based on 2.30pm prices 1/11/91. 1st suspension. ‡Shares and Cash. ‡Shareholders can choose to accept a cash offer worth 48p for each Douglas share for up to 40% of individual holdings. ‡Based on estimated FAV of ASIT.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Bolton Group	Apr	250 L	(487 L)	-
British Assets Trust	Sept	16,000	(16,200)	4.11
Cooper (Frederick)	Jul	3,500	(4,500)	3.5
Cowan de Groot	Apr	1,130	(163)	3.0
Essex Furniture	Jun	497	(594)	3.48
Harmony Leisure	Mar	2,170	(1,020 L)	-
LAWB Group	Jul	5,700	(5,400)	4.9
Investors Capital Tel	Sept	12,700	(12,300)	5.12
London & Strathclyde	Aug	838	(1,050)	5.7
New Frontiers Dev.	Sept	4,840	(5,700)	0.83
Smart (J) & Co.	Jul	4,440	(3,700)	29.29
TSW Television SW	Jul	148	(4,700)	-

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Dividends per share (p)
Acorn Computer	Jun	420 L	(42)
Alpine Group	Jun	281 L	(5 L)
Anglo St James	Jun	449 L	(472)
Aviva Petroleum	Jun*	3,230 L	(764)
Belle Group	Sept*	319	(2,050 L)
Berry Birch & Noble	Jul	368	(283)
Black Leisure	Aug	2,200	(1,800)
Bradford Property	Oct	11,200	(10,500)
Charmion	Jun	1,030 L	(384 L)
Chatterbox Corp.	Jun	109	(1,200)
City of Oxford Inv	Sept	-	(-)
Clayton Son & Co.	Jun	314 L	(18)
Colony	Jun*	376	(18)
Conrad Continental	Jun	380 L	(485 L)
Cook (William)	Sept	4,050	(5,800)
Cullen's Holdings	Aug	370	(339)
Daily Telegraph	Sept*	27,500	(29,700)
Devenport Knitwear	Jun	214	(204)
Derwent Valley	Jun	425	(197 L)
Ferguson Int'l	Aug	1,700	(6,330)
Geared Income Inv.	Sept	4,200	(-)
Graham House	Jun	2,610 L	(117)
Goldhill Property	Jun	974	(796)
Hawthorn Leslie	Jun	11,820 L	(4,490 L)
ICI	Sept**	196,000	(180,000)
Int'l. Business	Jun	2,440 L	(2,750)
Jackson Group	Jun	292 L	(628)
Jerome (S)	Jun	578 L	(604)
Maria & Spencer	Sept	215,200	(230,300)
Moss Bros	Jul	102	(1,100)
Mrs Field	Jun*	6,090 L	(5,120 L)
New Thompson	Sept	3,400*	(3,200)
Noble Rarodon	Apr	1,570 L	(870 L)
Novell	Jul	890 L	(1,330 L)
Plasford	Jul	438	(458)
Radstone Group	Jun	58	(78 L)
Rabtree Invest.	Sept	447*	(487)
Reed International	Sept	85,300	(108,800)
Regal Hotel Group	Jul	2,180 L	(1,750 L)
Seaford	Jun	181 L	(8,180)
Serit Cowell	Jun	3,640 L	(1,050)
Shifon	Oct	380	(302)
Sinclair's Bookchain	Sept**	282,000	(218,000)
Sunleigh	Jun	1,340 L	(191 L)
Thames Television	Jun	10,300	(10,300)
Thames Water	Sept	118,000	(113,000)
Tirel Far East Inc	Aug	3,900*	(5,130)*
Tirel Group	Jun	2,950	(1,650)
Tyne Tees TV	Jun	771	(845)
Urbans	Jun	771	(1,270)
Usher-Walker	Jun	217	(149)
Wardlaw Investments	Jun	4,180	(3,300)
Wilson Group	Jun	59	(435)

(Figures in parentheses are for the corresponding period. Dividends are shown net pence per share, except where otherwise indicated. L = loss. \$ = Figures quoted in US dollars. £ = Figures quoted in Irish pounds & pence. £ = Net loss/profit. £ = Gross income. £ = Making up to date. £ = Net revenue. £ = Second interim statement. £ = Last year's figures for 10 months. £ = Third quarter figures. £ = Figures for nine months.

RIGHTS ISSUES

More O'Farrell is to raise £13.4m via a one-for-four rights issue at 215p. Rose Group is to raise £11.5m via a 5-for-11 rights issue at 7.5p. Sarcos Group is to raise £9.7m via a 1-for-4 rights issue at 45p.

RESULTS DUE

Company	Announcement date	Last year	This year
		Int.	Int.
ABN AMRO	Wednesday	4.0	7.0
Biffy (S) & Sons	Wednesday	2.75	2.85
Blackburn Group	Wednesday	6.0	14.0
Bridgeport	Tuesday	1.8	1.5
Famer	Thursday	3.45	3.1
Low (William) & Company	Thursday	2.5	5.25
Margaret Brown Holdings	Friday	3.5	4.5
National Home Loans Holdings	Friday	3.75	8.25
TIP Europe	Tuesday	1.7	3.8
VTR	Monday	1.1	2.2
Alban House International	Tuesday	0.5	0.5
Apply Westward Group	Thursday	3.0	3.0
BMS	Thursday	2.0	2.7
British Petroleum Company	Thursday	3.95	4.2
Burnwood Brewery	Thursday	0.7	3.54
Europe Energy Group	Monday	-	-
First Investment Co.	Friday	-	2.2
Fuller Holdings	Friday	-	0.8
Gorman Investment Trust	Tuesday	0.5	0.75
Gordon Shaffer Companies Inv.	Tuesday	-	1.0
Harlow Investments	Monday	-	-
Mid Southern Water	Tuesday	-	-
Ocean Wilson (Holdings)	Wednesday	0.5	2.25
Outland Investments Group	Friday	1.35	2.8
Powerscreen International	Thursday	1.0	3.95
Precision Metals	Thursday	2.0	3.0
Reid	Monday	1.2	2.5
Sainsbury (S)	Wednesday	2.1	3.25
Sims Food Group	Thursday	2.94	7.91
Usher Television	Tuesday	3.0	3.75
Westbury	Friday	4.35	13.3
Wood (S) Group	Monday	3.95	9.95
		-	0.1

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. £ = Third quarter figures. £ = Quarterly dividends.

Beware: card sharps can cost you a packet

ABOUT 3,500 Barclaycard cards will be lost today - and every day throughout the year. A lost credit card is, usually, a minor inconvenience to the owner, but sometimes you may find yourself depending on the services offered by a card issuer.

The most important consideration is to prevent fraudulent use of your card. About one in ten of all lost cards are used fraudulently and the percentage is steadily rising.

You should report the loss at once by ringing the number given to you by the card issuer. The bigger credit card organisations now print their contact numbers in most UK telephone directories.

Your direct liability should be limited. Credit cards are usually - though not always - issued by the Consumer Credit Act and the holder has only a £50 liability if the card is used fraudulently. In practice, most banks say that they do not seek to reclaim even this. However, you may be involved in a lengthy correspondence with the bank if your card has been used without your knowledge before you reported the loss.

Debit cards are a different matter. Payment for these comes straight out of your bank account and some debit cards (the Lloyds Visa card is one) are covered by the Consumer Credit Act, others are not.

A card thief who takes a British holidaymaker's debit card could blow a huge hole in his bank account within an hour of the theft. The card holder might not get a full refund for several weeks.

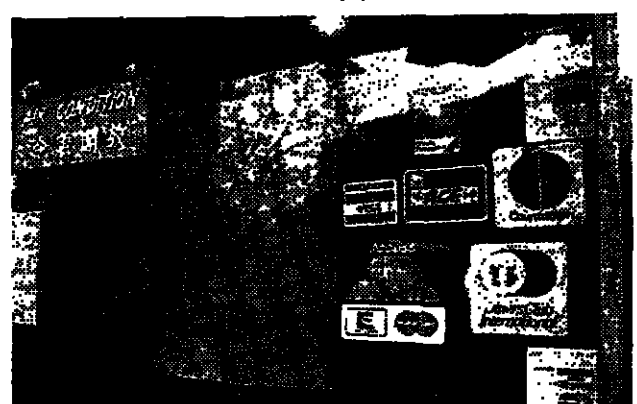
Banks and card organisations are by no means as prompt or as helpful as they ought to be and there are many horror stories of poor service. One building society chief tells how details of his gold card were picked up by a gang of fraudsters in the Mediterranean. Working as they ought to be, they began drawing payment on his gold card - issued by one of the Big Four clearers - even though he had not actually lost it.

The institutions refunded our money. But they face a security problem now that cheques for large sums (up to £15,000 at the Abbey) can be obtained on demand. In our case, only one in six false signatures was spotted as a forgery.

The customer service supervisor of our Halifax branch wrote: "I would confirm that the forged signatures were quite accurate." (We had foolishly stored Sainsbury direct debit cheques with my wife's signature on them.)

Ours is not an isolated case. I recently heard of two women whose handbags had been stolen. In both cases, thieves obtained more than £1,000, much of it from building societies, with stolen credit cards, cheque books and a passbook.

Another feature of our case is the slow pace of investigation, connected with bank and



It's easy for thieves to grow fat on your account...

his card. A call to his bank on a Friday evening to say that £4,000 had been paid out on his card in Spain, a country he had not visited, produced only an instruction to call back on Monday. By then more than £10,000 of goods had been purchased on his account by the fraudsters.

What happens if you are outside the UK and cannot find the UK number to telephone or get someone else to ring for you? As a last resort, you could try contacting the

branches of local banks which are members of Visa International.

"A stranded card holder abroad can walk into any Visa bank and it must pass on the message and call the holder's bank," says a Visa spokesman, but she added that in practice staff in bank branches in some countries may be unaware of this requirement.

If you have a large number of cards it is a good idea to register them with a protection service, such as Cardwise, Creditcard Sentinel, or Card Protection Plan. These will hold all details of your cards for a fee of around £7 a

year and contact all your card issuers to have your cards cancelled in the event of loss.

Quite a few cards now offer emergency assistance, ranging from car hire assistance, dentists, and hospital treatment. However, you will usually have to ask for it.

The best known emergency services are provided by American Express, but Barclaycard, with 9m customers, now offers International Rescue which can send you emergency cash by courier at no extra charge above the 1.5 per cent for Visa cash withdrawal. Visa International now maintains three international emergency centres across the world in London, Baltimore, and Singapore.

Card protection services may also be able to help. Cardwise can get you £500 by courier - interest free, although repayable in 28 days - if you have lost your card. This is one area where American Express has a clear advantage, as it can almost always get a replacement card to you within 24 hours.

You should also ask whether you can get a replacement card sent to you urgently. This is one area where American Express has a clear advantage, as it can almost always get a replacement card to you within 24 hours.

You should also ask whether you can get a replacement card sent to you urgently. This is one area where American Express has a clear advantage, as it can almost always get a replacement card to you within 24 hours.

A cautionary tale

ARMED with passbooks stolen from our home while we were on holiday, a woman impersonating my wife obtained £10,250 in two days from branches of the Abbey National and Halifax Building Society.

The institutions refunded our money. But they face a security

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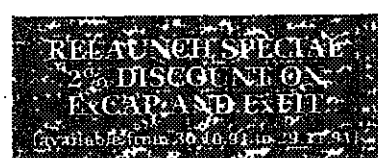
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FINANCE & THE FAMILY

Are managers who do the splits trustworthy?

A PRODUCT which offers something for everyone deserves a bit of scepticism. So it is with so-called split capital investment trusts - an increasingly popular product which offers different classes of investors what each wants most, and throws in a bit of tax efficiency to boot.

At their heart, split capital trusts are simple. They break equity down into its various components and siphon the respective gains into different classes of securities. Thus, there will be income shares receiving the dividend stream but little money at maturity; zero coupon preference shares with a first claim on most of the assets; and capital shares which are entitled to most of the asset growth. Those buying the income shares may gain a tax advantage on the fund's winding up date by declaring a capital loss. Those buying the zero-coupon preference shares

or capital shares gain a tax advantage because they pay no income tax on the unrealised gains, while the capital gains they receive on winding date are tax-free for the first £5,500. In short, it sounds like something for everyone. But is it? The conventional wisdom about this structure is that it avoids the greatest single drawback of ordinary investment trusts - that of trading at a discount to their underlying net asset value. John Korwin-Szymanowski, analyst at SG Warburg Securities, says that the average split capital share trades at a premium of 4% per cent over net asset value, while traditional investment trust shares are trading at a discount to NAV of 14 per cent.



The reason for the premium is simply that by offering shares tailored to different classes of investors - each with varying degrees of tax efficiency - you can greatly broaden the pool of potential buyers which in turn, supports the price.

And while analysts say this is broadly true for the sector, it is not true for all split-capital trusts. For instance, yesterday, shares in M&G's Dual Trust were at a modest 3% per cent discount to net asset value. Also, River and Mercantile, which launched a split capital trust in 1987, concedes that its fund traded at a discount in the early years, although it is now trading at a handsome premium.

THE TRUMPETS have sounded for the small companies revival so often that investors could be forgiven for ignoring the latest clarion call. The arguments are familiar. Over the long term, small company shares have performed better than those of larger groups. The annualised return on the Hoare Govett Smaller Companies Index (HGSC) between 1965 and end 1990 was 18 per cent, 4.5 percentage points higher than the return on the FT-SE 100 index.

For the private investor, however, there are many dangers in buying shares in smaller companies. There are still many individual companies with high borrowings and weak trading positions; further corporate contractions may occur. And liquidity in small company shares is limited, which means private investors face substantial buy-sell spreads when dealing.

The obvious way for a private investor to get around these problems is via a collective fund. That way, he or she can gain diversification to protect him from the problems of individual companies.

smaller companies. The average small company unit trust lost 8.6 per cent over the last three years and over two years not a single trust shows a gain. Over ten years, the figures are rather healthier with Govett's UK Smaller Companies Fund substantially ahead of the competition. Govett's fund is also top of the sector over seven years, second over five and eight over three, although its performance over the last two years has been below average. Back in March, when Fund Research analysed the sector, Govett's fund was one of the four best rated funds.

It is also worth noting that M&G's smaller company fund appears in both tables and is admirably consistent, having produced an average performance over two, three, five, seven and ten years. Four other funds have achieved similar levels of consistency - Aetna Smaller

Is small really beautiful?

Best small company funds over 3 years

	% gain
Thornton UK SmCos	33.9
Capital House SmCos	21.2
Royal Life UK Emerg	18.7
M&G SmCos	12.1
Holborn SmCos	11.7

Offered with income reinvested. Source: Financial Research

Best small company funds over 10 years

	% gain
Govett UK SmCos	649.8
Aetna SmCos Div	503.7
Lloyds SmCos Recov	464.2
S&P SmCos Inc	438.2
M&G SmCos	419.1

Offered with income reinvested. Source: Financial Research

The tables show the best five UK smaller company unit trusts over the three and ten years to October 1. As can be seen, the three year figures are none too impressive, reflecting the 1989-90 poor performance of

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DENMARK

The FT proposes to publish this survey on November 19 1991. 54% of Chief Executives in Europe's largest companies read the FT. If you want to reach this important audience, along with decision makers worldwide, call Erna Pio Tel: +45 3313 4441 Fax: +45 3393 5335 or write to her at Vimmelskaflet 42A, D K - 1161 Copenhagen K, Denmark.

*Data source: Chief Executives in Europe 1990

FT SURVEYS

No peace on the green

MY bungalow adjoins a village green where children play football and other ball games every fine afternoon. Our fence forms a "net" to their go-karts; consequently there is a constant banging as balls are kicked against it.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in this column. All queries will be answered by post as soon as possible.

Changing a name

HOW does one go about effecting a change of name by deed poll? It is necessary to engage a solicitor? Could you advise me of the initial procedure.

Right of set-off

AFTER the closure of BCCI by the Bank of England, several of its creditors claimed that their exposure was reduced (if not completely cancelled) as they had exercised their "right of set-off". This, I believe, allows a lender to make allowance in full, under certain circumstances, for any assets by negotiating them against his borrowings from the same party.

Both documents, together with your birth certificate, evidence of nationality, marriage certificate (if relevant) and spouse's written consent to the change of name, should be lodged for enrolment at the Central Office of the Supreme Court (High Court) under Order 83 Rule 10 of the Rules of the Supreme Court and the Enrolment of Deeds (Change of Name) Regulations 1983.

Forced sale of land

I OWN two plots of building land jointly with my two sisters as tenants in common. They both wish to sell to a developer but I do not. I have no dispute that the price is wrong; I just want to hold on. Can they effectively out-vote me and force a sale?

The two tenants in common who wish to sell can force a sale, since you hold the land on trust for sale; and section 30 of the Law of Property Act 1925 enables those who wish to sell to get the court to enforce the trust by ordering a sale.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Adwest Group	88,000	106	1
Debn Tow & Chinnock	11,000	15	1
Dolphin Packaging	1,400,000	2,002	2
Enterprise Oil	5,000	27	1
EW Fact	17,797	21	1
Fired Earth Tiles	25,000	20	1
Gerrard & National	191,159	407	6
Hardys & Hanson	3,600	25	1
Ladbroke Group	100,000	261	1
Shoptite	25,000	87	1
Temp Galb & Hanebgr	130,000	332	2
Weir Group	61,381	260	1
PURCHASES			
B S Group	25,000	34	1
Bankers I	20,908	24	3
Brianston Group	25,000	15	1
Dencora CR Prod	15,000	12	1
Dumas Group	43,572	11	4
Enterprise C'puting	511,485	62	1
Kleen-E-Ze	50,000	17	1
Lucas (Wharfedale)	100,000	22	1
Sphers IT (Inc)	100,000	25	1
Westport	301,500	10	1
Wimpey (George)	15,000	23	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 21-26 October 1991.

Source: Directors Ltd, Edinburgh

THE BEST RATES FOR YOUR MONEY

Account	Telephone	Notice term	Minimum deposit	Rate	Int. paid
INVESTMENT A/Cs and BONDS (Gross)					
Southdown BS	SuperSaver	0273 471671	Instant	£110.25%	Y/Y
Cheltenham & Gloucester BS	London Share Acc	0452 372372	Instant	£250.00 11.15%	Y/Y
Northern Rock BS	Eclipse	081 285 7191	60 Day	£50.00 11.61%	M/Y
North of England BS	Premier 50	091 585 8272	60 Day	£50.00 12.00%	Y/Y
Lancasterian BS	Lancasterian Bond	061 643 1021	31.5.5p	£25.00 12.25%	Y/Y
Chelsea BS	2 yr Option Bond	0800 272505	2 Year	£5.00 12.20%	Y/Y
Chelsea BS	Premier Account	0800 272505	31.12.83	£10.00 12.5%	Y/Y
TESEAs (Tax Free)					
Allied Trust Bank		071 626 0679	5 Year	£9.00 13.24%	Y/Y
National Counties BS		0372 742211	5 Year	£3.00 13.10%	Y/Y
Lambeth BS		071 526 1331	5 Year	£20 12.90%	Y/Y
Darlington BS		0325 487171	5 Year	£1 12.90%	Y/Y
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA	031 558 8235	Instant	£1 10.00%	Y/Y
Chelsea BS	Capital Plus	0734 560 411	Instant	£1.00 9.90%	O/Y
	Classic Postal	0242 521391	Instant	£10.00 10.70%	Y/Y
Northern Rock BS	Current Acc	081 285 7191	Instant	£25.00 10.71%	M/Y
OFFSHORE ACCOUNTS (Gross)					
Portman Channel Islands	Channel Is Acc	0481 822747	Instant	£1.00 10.20%	Y/Y
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	£10.00 11.50%	Y/Y
Alliance & Leicester (IOU)	Manxum 90 Day	0824 663566	90 Day	£25.00 11.00%	Y/Y
Yorkshire BS Guernsey	Key Extra	0481 719888	180 Day	£50.00 12.25%	Y/Y
Bristol & West Int'l Ltd	Double Guarantees	0481 720089	1.12.92	£100.00 12.00%	Y/Y
GUARANTEED INCOME BONDS (Net)					
Prosperity Life FN		0822 600555	1 Year	£25.00 8.80%	Y/Y
Financial Assoc FN		081 387 6000	2 Year	£5.00 8.90%	Y/Y
Prosperity Life FN		0822 600 555	3 Year	£5.00 9.00%	Y/Y
Financial Assoc FN		081 387 6000	4 Year	£5.00 8.90%	Y/Y
Co-op Bank Fin Advisers FN		081 828 5582	5 Year	£5.00 8.85%	Y/Y
NAT SAVINGS A/Cs & BONDS (Gross)					
Investment A/C			1 Month	£5 8.50%	Y/Y
Income Bonds			3 Month	£2.00 11.00%	M/Y
10.25% WEP-28.11.91			5 Year	£100 11.5%	OM
Capital Bonds C					
NAT SAVINGS CERTIFICATES (Tax Free)					
98th Issue			5 Year	£25 8.50% OM	
5th Index Linked			5 Year	£25 4.50% OM	
Childrens Bond F			5 Year	£25 11.84% OM	

Chelsea's account has a fixed rate till March 1, 1992. Thereafter, the rate is variable. All rates (except Guaranteed Income Bonds) are shown Gross. (Fixed) Fund Rates All other rates are variable. Out - Interest paid on maturity. In - Net Rate. B - Bond. Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsgrave House, Stratford, Warwick.

PROPERTY

ANY foreigners planning to buy a mountain holiday home in Switzerland this year, or next, might as well go ahead.

The Swiss, in spite of their intention of joining the EC, are unlikely to relax their restrictive rules on foreigners buying second homes for at least five years according to the Federal Department of Justice and Policy in Bern.

However, developers and agents dealing with Swiss property have noted for some time a more flexible attitude from the authorities towards purchases by non-residents.

With more than 1m non-Swiss among its 6.7m population, Switzerland has been wary of allowing foreigners to buy second homes there; it began restricting sales to foreigners in 1961. A non-Swiss is permitted to own only one property in Switzerland, and a quota system establishes the number of homes that may be sold annually to non-residents.

This number has gradually declined. In 1985 it was 2,000; in 1991 it is 1,420. It seems to have stabilised and the same figure will apply next year.

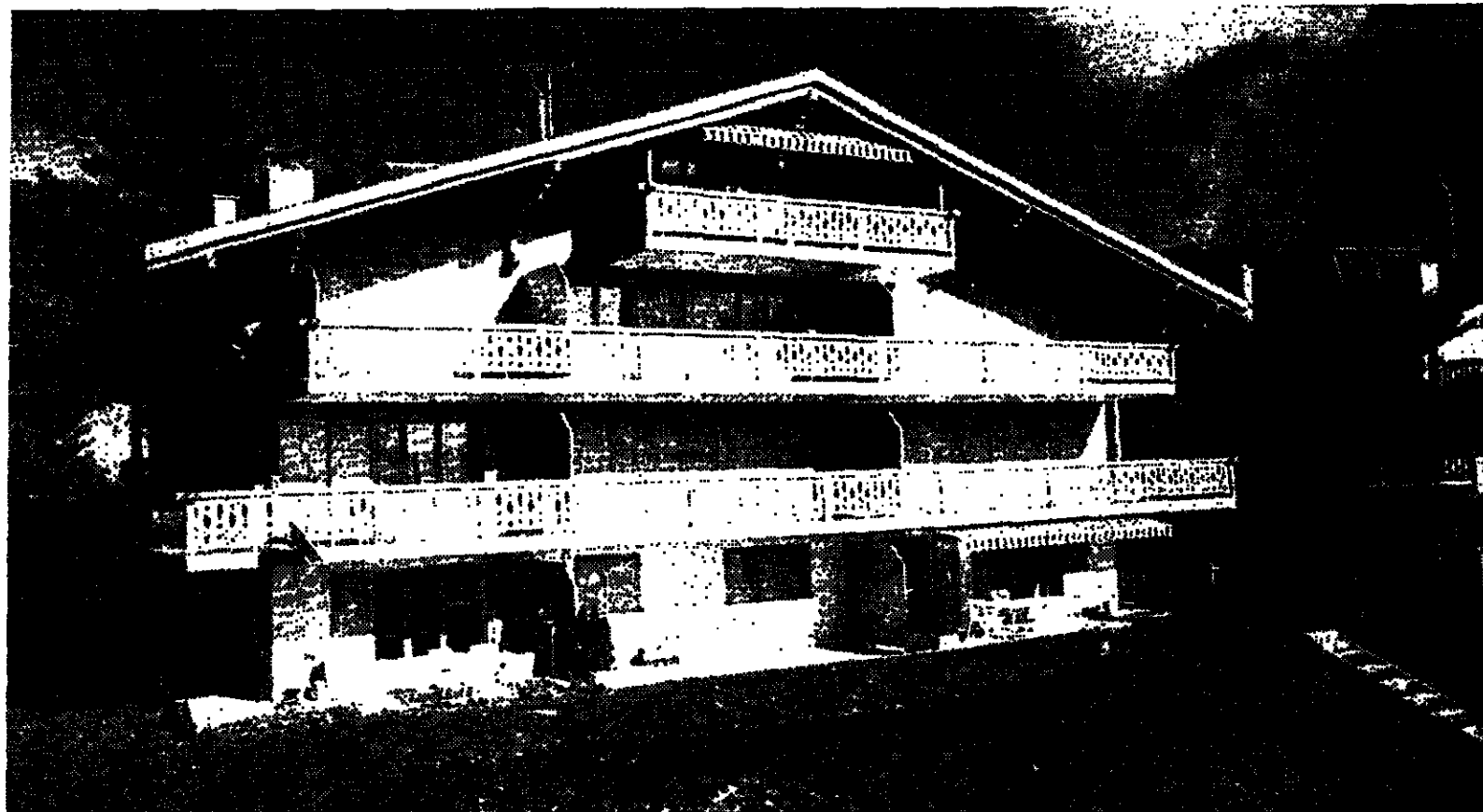
One agent acting for Swiss properties says that although only about 65 per cent of apartments in a new block are officially permitted to be sold to foreigners, his company has been allowed to sell seven out of eight apartments in its chalets to foreign buyers. Another regulation (there are many) stipulates that non-residents may not own a property of over 100 sq m. But his company applied to sell 196 sq m apartments to foreigners, and this has been approved.

"I think it is for economic reasons," he says. "With the real estate market everywhere feeling the pinch, Switzerland is no exception."

Another agent, perhaps a bit more cynical, suggests that Switzerland is trying to be an EC look-alike "to reduce criticism of its restrictive housing policy."

A notary, commenting on this, says: "Even if Switzerland has to abolish the laws governing the acquisition of second homes by foreigners, these would certainly be replaced by other stringent measures."

Another sign of change relates to the 26 cantons between which the annual quotas are distributed. One of these, Valais, always popular with the British, closed in 1987 to non-resident buyers. Now, following the intervention of local tourist resorts and professional associations, it is begin-



Mountain views: ornamental timber balconies decorate an apartment chalet in Villars

Swiss unlock chalet door

Audrey Powell says foreigners are finding it a little easier to buy alpine hideaways

ning to allow such sales again. In fact, Valais is now the canton with the highest number of properties available to foreign buyers: 310. Quotas for other cantons include Orisons with 270; Ticino with 180; Vaud with 160 and Bern with 125; the others are in double or single figures. Even then, some cantons do not necessarily use their allocations.

How does the market for the sale of Swiss homes to non-residents look from the developer's side of the desk? Nigel James, in the London office of Kohli Construction, says: "Business has been flat but by no means disastrous."

Kohli is a third-generation family company which builds apartment chalets in traditional Swiss style. It has two projects in Villars in the canton of Vaud, which has properties available within its quota to foreign buyers.

One is complete; remaining units are priced from £114,000. The other, with 11 apartments, will be finished next summer: prices from £110,000 to £272,000 (071-589-4587).

Kohli has also begun building in Crans-Montana, in Valais. Prices for the 23 units run from £96,000 to £215,500 - for a single flat occupying the top floor of the chalet.

Another family company is Immobiliere de Villars (IDV), also with an office in London (081-749-2188). IDV's wide choice of properties includes apartments in various chalets built in a Villars hillside private estate with views over the Rhone valley to Mont Blanc and the Alps. Large units, some with gardens, are priced from £257,000 to £335,000, to be completed by Christmas 1991. Alternatively, a "serious skiers' chalet," the only one right on a ski run in the estate, has

eight one to four-bedroom apartments, at prices starting at £161,000.

In the same resort, 75 minutes from Geneva, IDV is at work on Chalet Residence Bristol, which will have 88 one to three-bedroom serviced apartments entirely for use by their foreign owners. This contrasts with the more common "aparthotel" arrangements, under which units must be leased back to the management for much of the year, for letting as hotel rooms. Prices from £177,000 to £334,500.

In the spring of 1993 IDV will begin work on Le Domaine des Alpes, in the nearby village of La Barboleusaz: three apartment chalets on a hillside estate of pine trees, close to the mountain railway. The company is also planning a series of chalets in Anzère, in the canton of Valais, together with an aparthotel.

Villas Abroad (VA) in London (081-591-5444) is a sister company of the Lausanne-based Villapart, and keeps in close touch with the Swiss property market. It offers new and resale property in several parts of Switzerland. Resale has its own set of complicated rules intended to thwart speculators. These govern when, to whom, and for how much an owner can resell. The regulations are slowly being unravelled, and more of them are likely to disappear, but anyone thinking of buying in Switzerland should study them carefully. Remember that rules can vary from one canton to another.

Ariette Adler of VA says that as rules have become easier, there has been an increase in resale. "Switzerland is up to its ears in resale properties." Having cost less to start with, these can be offered more

cheaply than new properties. For example she cites a village with a two-bedroom apartment at £83,000 and a three-bedroom version at £84,000, both resales. A new apartment in the village, with just one bedroom, is £110,000.

She notes another relaxation in the market: unused quotas can be carried forward to the next year. This could further increase the amount of property available to foreign buyers.

So who are they, these foreign buyers? In 1988-1990, Germans headed the list, buying 340 units. The British came second, buying 131. These were followed by the French, 75; the US, 44; the Dutch, 32; Belgians, 28; Middle Eastern buyers, 18. Some 66 units were bought with foreign capital by companies established in Switzerland.

Rural calm

IT IS not uncommon for derelict hamlets to come on the market in France or Italy. Buyers prepared to restore the properties for sale or letting are sought. You rarely hear much more after that.

One such group of rural buildings that actually has been updated is available, with 146 acres, north of Narbonne in south west France. It is 45 minutes' drive from the Mediterranean. This is not a proposition for bargain hunters but rather for those prepared to pay for their tranquility. The Dutch owner, Guy de Viet, who lives in London, is asking £300,000 for the estate.

Formerly a fig farm, La Figuliers, near Biesse, was abandoned 50 years ago and lapsed into ruins.

In the 1970s de Viet was looking for a place to renovate as a relaxation from the stresses of life in the oil industry.

A friend had restored a village "and I thought it was a lovely idea," he says. He liked what was left of this 300 to 400 year old group of stone-built properties in the acres of fig

trees and vines and bought the estate.

A manager was installed to look after it and start renovating the buildings. De Viet worked on them himself during visits. Local craftsmen were brought in when necessary.

A slow operation, it was 12 years before all seven properties, ranging in size from one to five bedrooms, had regained their original appearance and the interiors had been equipped with the amenities for modern living. De Viet says he spent £300,000 restoring them and most will be sold furnished.

The estate now has a swimming pool, tennis court, *jeu de boules* (bowling area) and a volleyball court. There is also a barn used for recreation.

Montpellier and Toulouse airports are about a two hour drive.

De Viet says letting the houses can bring in £22,000 a year or more, but the full potential of these and the land has never been exploited. ■ London agents are Domus Abroad (071-499 0571).



This French manor house dates from 1790. Apart from walls three feet thick, it has been almost rebuilt to make 11 two-bedroom flats. Now complete with swimming pool and tennis court, it stands in a two-acre walled garden in a village between Toulouse and Lourdes.

Its British owners are a group of friends who spent two years directing the work. The flats are for sale, £23,500 to £28,900, through Domus Abroad. (Tel: 071-499-0571).

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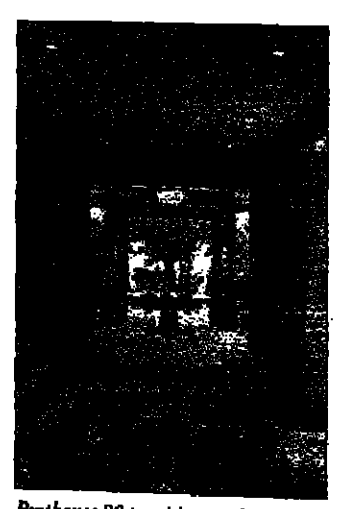
main route from the capital to Heathrow Airport, represents an internationally central position within Europe.

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COUNTRY PROPERTY

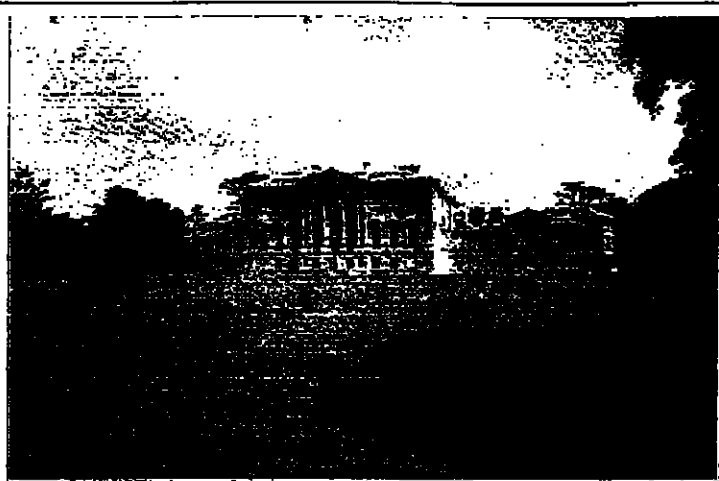
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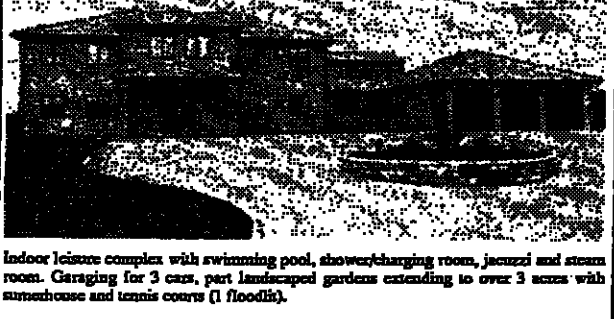
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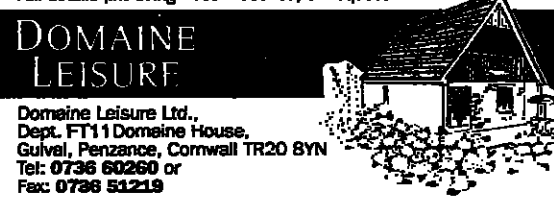
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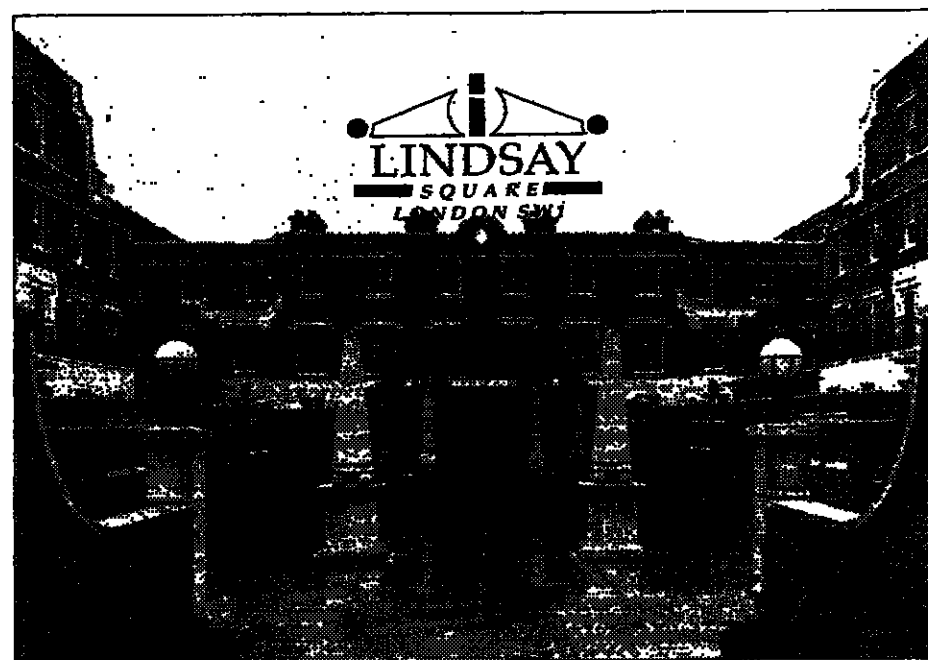
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SPORT

Rugby World Cup/John Hopkins

Keeping fans curious

I FIRST saw it on the 12.20 from Waterloo. I glimpsed it over the shoulder of one of my fellow travellers en route to England at the start of the World Cup. "Curious fact No 1", it read above a line drawing of a mustachioed rugby player with knobby knees and the long shorts of the Edwardian era. He was wearing a hat. Now millinery is a subject with which I am familiar. I know because at the bottom of our garden is a shed in which magic hats deftly create some of the hats worn by the great and good of our country.

I read on, "New Zealand's 1905 tour of England saw Billy Wallace secure his place in millinery folklore" continued the copy accompanying this advertisement. "For the duration of a match against Cornwall he sported a particularly handsome sun hat. And in scoring a dazzling try, the cool Kiwi proved the old maxim: 'If you want to get ahead...'"

Squeezed in with 50 or 60 others in a compartment for half that number I found myself smiling. Was this self proclaimed Curious Fact a gen-

uine fact or a piece of adventurous copy writing? It was the first of a series of advertisements on behalf of Famous Grouse scotch whisky. I am not very interested in advertisements. They are illustrations that get in the way of editorial copy. What was so successful about these Curious Fact advertisements was that they read as though they were editorial copy.

"Everybody was taking Rugby World Cup very seriously," explained Matthew Gloag, the development director of the company of that name, which is owned by Highland Distilleries. "It was my idea to try and do something funny. We dug around and came up with these facts. I think they've become a bit of a talking point. They're a wee bit of fun at nobody's expense."

Curious Fact No 5 explained that

in 1990 the All Blacks were using housing bricks to improve their passing. Curious Fact No 2 said that in 1987 in a match between France and Romania Jacques Chabon Delmas and Jon Papa first played against each other. "They squared up to one another again years later, in circumstances considerably less civilised, as prime ministers of their respective countries."

Curious Fact No 6 concerned a club game in France in the winter of 1974. The losing team later claimed that they were only beaten because the opposition fielded an extra man - a snowman. "Built by the bored Villiers full-back, the little chap, whilst totally stationary, was still quick enough to up-end one of the Villeneuve's tardy wingers."

The Curious Fact campaign was

not the only Famous Grouse advertising and promotion during the World Cup. The company ran a finest try, a finest moment and finest performance from an unseeded team competitions. In addition, it placed conventional advertisements in match programmes showing a grouse sitting on a crag. These were passed over with barely a second glance. They were conventional, boring, advertising.

Famous Grouse were just one of the World Cup sponsors. The biggest was H.J. Heinz, the company run by Dr A.J.F. O'Reilly. It was the first sponsor to commit support and the biggest, spending £200,000. The others include Ricoh, the photocopy maker; Cathay Pacific, the airline; Société Générale, the bank; Steinlager, the brewer; British Steel and Glass South Africa.

"We feel we've had more than our money's worth" says O'Reilly on behalf of Heinz. "We will spend this year more than \$600m (£350m) on marketing so this is a drop in the ocean for us. Rugby football has a very low slope factor and that suits us because Heinz has a homely image. Our focus on mini rugby has been good for us. It has been very nice to entertain the trade at the event. No, all in all we couldn't be happier with the way it has worked out for us."

Advertising, they say, is like looking at a girl at night. You feel better for doing it but you cannot be sure she saw your gesture. "How do you measure advertising?" asked Glog rhetorically. "If you chuckle at it, it amuses you, annoys you, causes you to talk about it, then you're halfway there, aren't you?" I had to admit I was halfway there, wherever there was. I had chuckled at them, only half believed them and even remembered the name of the product attached to them. If this is successful advertising then well done Famous Grouse. You brightened many a train journey during the Rugby World Cup.

Yachting/Keith Wheatley

Captain Dickson in a state of Grace

HURRICANE Grace was not in the sailing instructions. Most of the 10 top professional helmsmen in Bermuda last week for the Mazda World Championship of Match Race Sailing expected more problems with sunburn than storm-force winds that tore masts out of the competing yachts.

One of the most popular drinks at the delightful Royal Bermuda Yacht Club is a rum-based cocktail called a Dark & Stormy. As a label for the regatta weather, it described the week perfectly.

The semi-finals between fellow New Zealanders Chris Dickson and Russell Courts were sailed with two reefs in the mainsail and storm jibe. As the easterly howled at over 40 knots, sailing conditions were more like those found in the Southern Ocean leg of a round-the-world race.

Dickson won his semi-final 2-0. He is the best heavy-weather competitor around, with an arsenal of nerveless skills honed in the big seas and howling sea breezes off Fremantle, Western Australia - where he learned Kiwi Magic in the 1987 America's Cup.

"It was very physical out there but it's also some of the best match-racing that we'll ever see," said Dickson as he stepped ashore. The wind-speed in the final race had been over 40 knots. "Horrendously enjoyable," laughed British skipper Edward Warden Owen, knocked out of the regatta in the earlier elimination rounds.

Dickson met US sailor Peter Isler in the final. The two are a contrast in styles. Isler, a warm socially graceful Yale graduate who plays Gershwin on his baby grand for relaxation; Dickson an intense, aggressive young man who only seems to relax when driving a boat.

The first races of the best-of-seven final were sailed during a weather lull that turned out to be the eye of Hurricane Grace passing over Bermuda. With a full sail-plan and using spinnakers, Isler always had more boatspeed available to him and took a 2-0 lead over Dickson.

During a long break for repairs - Russell Courts had spun out of control during a sail-off for third place and rammed Isler's yacht amidships, causing hull damage - the weather deteriorated as Grace settled in for the day.

With reefed mainsail, small jibs and the wind howling like a banging its "sea anchor", over the line seconds ahead.

ably to pull level with Isler and then two more to take the series 4-2. In the final race the two yachts were seldom more than a boat-length apart. Up the first beat Isler found himself the meet in the sand-wich between the implacable Dickson, on his weather hilt, and the equally implacable concrete of the sea wall beneath the Princess Hotel. When Dickson declined to give room to tack, Isler suffered a momentary crisis that gave all the advantage to the ice-cool Kiwi.

One further incident on the final downwind leg showed Dickson's mettle. Isler had fought back into the race and was mounting a gybing duel with his bow nearly on Dickson's transom. Ken Hara, Dickson's bowman and team-mate from the Japanese America's Cup challenge, fell overboard.

Starting fixedly at the finish line and never relaxing his grip on the wheel, Dickson crouched and with mainsheet trimmer John Cutler grabbed the shirt of the unfortunate Hara and pulled him back aboard. Hara had already begun to bear away so as not to run down Hara.

Back in the clubhouse Isler mused: "Either we ran out of gas or Chris found a 'Fast Button' that wasn't on our boat." Dickson said it was the most demanding match-racing he had been involved with. "They don't come any tougher or harder than that," he said.

Dickson returns to San Diego and rejoins the Nippon challenge where preparations are at fever-pitch for the start of the America's Cup elimination series in 12 weeks time. Since the Kiwi sailor took up residence in Japan during 1988 he is qualified to skipper for Nippon during the Cup.

Besides the \$32,500 (£18,895) first prize, Dickson took back to San Diego an enhanced prestige as incomparably the best match racer in the world. Since the world championships began four years ago, Dickson has won the title three times stamping a pre-eminence worthy of Nicklaus in his prime on the sport.

Grace toyed with the Dane Jesper Bank who achieved the unique feat of winning a match race in a dismasted boat. As he neared the finish line against Marc Bouet a squall blew the entire rig, plus spinnaker, jib and main, over the bow. Momentum carried the 35ft Hunter, dragging its "sea anchor", over the line seconds ahead.

The Aussies' open invitation

THE Australians have proved welcome visitors to Britain this autumn. Easy to talk to, approachable and, above all, entertaining and skilful, they have been admirable tourists and spokesmen for rugby and their country, not necessarily in that order. They won over a few wavering hearts to their cause in their earlier matches and have kept them for today's final as well.

England go into the final carrying the hopes of thousands who want them to win and almost as many who want the side to play attractive rugby. "England play boring rugby," "They ignore their backs," "God help us if England win the World Cup." These are just some of the comments aimed at England these past few days.

Australia are the favourites. They have the better-balanced side and were irresistible for a while against the All Blacks last Sunday. They played good attacking rugby at the pace. If they reproduce that form today England will do well to concede as few points as the All Blacks did. As David Kirk, the captain of the All Blacks in 1987, said, when one team meets opponent running hot like this, the only thing it can do is to keep cool and wait.

It will be an open game. Australia like to play that way and England

will have to chase when Australia have the ball. I suspect Rob Andrew will move the ball more than the most gloomy think. To those who say why, I say why not? England's backs are the equal of Australia's in all but one position.

The three-quarter who towers over all others is David Campese, the outstanding figure in the World Cup. He needs one pass to transform an otherwise evenly-balanced game. He will do it with one of his jinking, slashing runs, which usually start when he runs across field from right to left. To say that England must beware of Campese is like saying they must not concede penalties in front of their posts.

The England forwards are just about the equal of Australia's. If the Aussies dare to move the ball fast with a back row such as theirs then England can too.

It may hinge on two factors: the swing of the boots of Michael Lynagh and Jonathan Webb and the ability of one side to hold on to the ball when the other seems to have taken control. England did this in Paris. They held on in Scotland. But they will need all the nerve, resolution and team spirit they have built in recent seasons to withstand the Aussies.



J.H. A wing and a prayer: rugby fans hope Simon Halliday of England gets the ball today

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There are fair-weather skiers and there are slightly potty skiers who go out in all weathers. They are the sort that need unadulterated luxury when they return to their chalets, damp, drained, dog-tired but by no means demoralised after skiing in a blizzard. If anyone is going to pamper them it is the Ski Company, which owns five luxurious French chalets in Meribel, Chamonix, Esert Romand and Montrond in the huge Fortes du Soleil circuit, and Val d'Isere.

David Kemp, Ski Company's chief, in a magnificent mixed metaphor, once said that "wild horses on hended knees" would not persuade him to purchase a chalet in Val, but he relented when he saw the eight-bedroomed L'Elephant Blanc - out of town, virtually on the piste down from Solaise, with skiing to the front door. It is also opposite the Olympic Belvedere Face

Arnold Wilson enjoys life's little luxuries after powder skiing in Meribel

downhill course. The Ski company has been allocated tickets for some Olympic events.

It was with the slightly potty type of skier that I ventured out during my visit to the Ski Company's Meribel accommodation, 10 bedrooms in the right-hand wing of the exclusive Olympic III. It is certainly first-class accommodation, with bright, floral-patterned in the sun-drenched bedrooms and a 40-ft south facing sitting room with an open fireplace, picture windows and wooden balconies. How comforting that fire was - and the pre-dinner Laurent Perrier champagne - when we returned from a quite extraordinary day's skiing.

Extraordinary because Meribel - normally the bustling centre of the vast Trois Vallées area, which includes the sophisticated Courchevel, lunar-landscaped Val Thorens and 500 kilometres of pistes - seemed practically deserted as the snow tumbled and kept skiers off the slopes.

The links with Les Menuires and Val Thorens were severed, and even getting to Courchevel in the other direction was almost impossible.

Still, the great thing about any of the Trois Vallées resorts is that while together they form a vast area, individually they each have more than enough skiing of their own.

We had the bizarre experience of skiing deep on-piste powder all day around Tignes because we had the place virtually to ourselves. It was surreal. Three blizzard-swept figures alone on the mountain - half expecting the last expedition of some great explorer to come shuffling out of the falling snow towards us.

Imagine skiing a fast red run in powder. It feels all wrong, but it also feels utterly exhilarating. Do you ski it fast, like a pisse? Or do you ski it slowly, as you tend to do off-piste?

Our instructor (each chalet has its own English-speaking instructor or guide from the Ecole de Ski Français or Bureau de Guides available for a supplementary fee) had no doubts. He skied it fast. And since the wind was whistling snow into our faces, we were skiing by the seat of our pants. Finally, we sought shelter in the trees in spectacular powder.

That night's meal, fish en papillote washed down with a bottle or so of Côtes de Serrant, followed by strawberry tart with crème fraîche, tasted especially good. The Ski Company makes a big effort with its wines. "Our policy is not simply to buy expensive wines that we would consider to be over the top on a skiing holiday," says David Kemp.

"The emphasis is on considered choice and hard work to obtain the best possible value. In doing so we have discovered some fine vintages at low prices and some outstanding young local wines. Even our humblest wine is personally selected."

Unlike most chalet companies, the Ski Company organises its staff so that there is dinner every night. In other words, it is never "the chalet girl's night off."

The Ski Company, 41 Hyde Vale, Greenwich, London SE10 8QQ. Tel: 081-305-2259. Fax: 081-305-2259. Reservations 071-730-9600. Wednesdays and Sundays are changeover days to avoid Saturday queues. Flights to Geneva are all scheduled.

Prices per person, per week, for half board (including tea) start at £490 in early December and late April/May, but rising to £1,050 in high season.



'Imagine skiing a fast red run in powder. It feels all wrong, but it also feels utterly exhilarating'

Travel News

Christmas getaways

HOTELIERS and restaurateurs are resigning themselves to their customers booking as late again this Christmas for the holiday period as they did last year. Although many hotels and restaurants now report that there are signs of a strengthening in demand after the pressures of the past 12 months caused by the Gulf War and recession, there is still plenty of room left at the inn for Christmas.

Part of the problem appears to be fewer overseas tourists, especially Americans, willing to commit themselves to booking into London's luxury hotels as they have done in previous years. Peter Bates, marketing director for the Savoy Group, believes, however, that "the current air fares war across the North Atlantic should encourage more Americans to experience Christmas in London."

The Savoy Group of hotels - Berkeley, Connaught, Claridge's and the Savoy - are traditional haunts for those seeking to escape the rigours of a Christmas at home. Many people, however, simply choose to eat Christmas lunch or dinner in a hotel rather than stay.

There are hotel bargains. The Hyde Park Hotel in central London, for example, has a room price (for one or two people) of £125 per night instead of the usual £225; the Hyatt Carlton Tower in London's Knightsbridge costs £176 per night per room from mid-December until mid-January instead of the standard £225.

Claridge's, one of the most exclusive of London hotels, is offering from mid-December until mid-January, double rooms at the rate of £200 per night for two people, instead of its usual price of £245.

There are few bargains in restaurant prices over Christmas, however. Christmas day lunch in the Hyatt Carlton Tower is £90 per person; in the Hyde Park £100; and in the Savoy River Room £115. All hotels still have tables available.

although they report that these are filling up more quickly than the bedrooms.

Some hoteliers have reacted to the slower demand for Christmas bookings this year by offering added value to the traditional packages. The Lygon Arms in Broadway, Wiltshire, for example, is providing helicopter tours of the Cotswolds for its guests and a chance to win a Mini car as well as the usual carol singing and candlelit dinners. The four-night programme costs from £190 per person per night. (Details: 0386-862555).

Two Fortis hotels - the Primley Hall Hotel in Camberley, Surrey, and the Forte Crest in Farnborough, Hants - are offering a Mystery Murder Christmas starting from £70 per night per person.

As Britain's biggest hotel chain with more than 350 hotels, Forte has a wide variety of Christmas packages: a number include free rooms for children if adults book a package at prices starting from £59 per person per night. (Details: 0345-404040).

Swallow Hotels, one of the smaller hotel groups, is providing "themed" entertainment at 23 of its hotels around the UK. Themed events over Christmas include "Cockney London" at the Highcliff in Bournemouth or an American "Deep South" night at Swallow's Sheffield hotel. Prices for three-nights start at £175 per person. (Details: 091 529 4666).

More unusual ways of spending Christmas are increasingly available for the discerning traveller. Abercrombie & Kent's luxury Royal Scotsman train, for example, has a special six-day tour starting from London's Paddington station on 21 December and meandering around the rail network from Stratford to Yorkshire, ending up in Cheltenham on Boxing Day (to visit the races). The cost is £3,300 per person. (Details: 071 730 9600).

David Churchill

Forget the ifs - this Butte is strictly for serious skiers

Arnold Wilson discovers a real Colorado adventure challenge

THE American habit of trying to "do" Europe in a week produces equally superficial results when applied in reverse. When I tried to cram the Rockies into one trip, I allocated a cursory 24 hours to an obscure Colorado ski resort called Crested Butte.

The natives were friendly but the skiing was "so what?" The resort was pretty, rather bland, great for families but nothing spectacular. Just as I was leaving, though, someone whispered two words that intrigued me mildly. North Face.

It was a part of the resort I had not skied because it was closed. I thought no more about it until my return to England.

By then, I was armed with *The Insider's Guide To The Best Skiing In Colorado* by an American writer, Lito Tejeda-Flores. I was surprised to see Crested Butte listed. And even more surprised to see the North Face described as "an expert's mountain, right beside the regular ski mountain, that in my opinion offers the finest adventure skiing in Colorado."

There was more: "I'm talking about skiing in an ungroomed and wild mountain setting, skiing that demands judgement and imagination as well as technique. On some of the variants, a fall is not a viable option. If you ski in here carelessly, foolishly, you will go right over a cliff and it's 'bye baby, bye bye'."

"No, it is certainly not a death trap, but it is very serious and you could easily get into trouble back here. You can also easily have the time of your life."

Many - perhaps most - of those who enjoy the happy-family slopes of Crested Butte fail to realise that they are skiing in the shadow of such extreme terrain. But the white cliffs of the North Face are becoming something of a legend in the Rockies.

In February, determined to explore Crested Butte properly, I boarded a light aircraft at Aspen for the 15-minute hop across the breathtaking Maroon Bells - the most photographed mountains in the Rockies - to the tiny landing strip on the outskirts of the picturesque old town.

That was something else I had, foolishly, missed last time. I had visited only the ski village and was unaware how delightful the real Crested



Crested Butte: It is packed with cozy wooden buildings

Butte was. It is packed with cozy wooden restaurants and bars and quaint Victorian buildings. Many of them are in the narrow main thoroughfare called Elk Street, about which a local author, George Sibley, writes: "They don't look like buildings in danger of falling down but like buildings trying to get comfortable."

My pilot, relying completely on visual reconnaissance to land on the unmanned runway, looked both ways as if he were simply about to cross the road and came skimming in, starting a coyote which had been lounging on the tarmac. And there, looming out of the wilderness, was the massive butte (isolated mountain) from which town and ski resort take their name.

The method of entry to the

Nest, it was like tying myself to Superman's cloak. No time for fear. It is steep. Very steep. But the snow is excellent.

The trouble is, there is too much snow to be able to see where the rocks are. It is one of those skiing paradoxes. With thin snow cover, at least you can see the rocks. Johnson is waiting for me at the bottom. Well, that was not so terrifying. We will do it again.

This time, Johnson takes a very narrow, steep path through the woods. Fortunately, it ends uphill, so you run out of steam gradually before things get out of control. This time, we are heading for Spellbound Bowl.

Mercifully, Staircase, one of the steepest chutes on the North Face, is closed. The only way I would ski it would be if it had banisters.

I had to leave my beloved Atomic skis at Aspen - there was no room for them on the aircraft. But my borrowed K2 Extremes were skiing like a dream. Or perhaps it was the company I was keeping.

Skiing with such an ace can either raise your game or demolish it. It was as if Johnson was skiing for both of us. Phoenix Bowl was even better. Even Cesspool was refreshing, but by the time we hit Sock It To Me I was like Harry Potter, breathless and faint.

Next day, I discovered another good reason to go to Crested Butte: Irwin Lodge. This turns out to be America's biggest Sno-Cat skiing area.

You motor the 12 miles through the pine forests to the lodge using the only feasible method of transport - a Snow-moile. Then you climb into a trail-grooming vehicle, converted to carry skiers, which takes you and your guide to a variety of ungroomed powder runs. It is a little like hell-skiing, only the uphill transport is slower and cheaper.

There are six Cats waiting to transport you to such runs as Banquo Bowl, Central Park, Bonus Turns, Long Lean and Mean and 70 mph Basin. Remind me never to make a snap judgment about a ski resort again.

Arnold Wilson's visit to Crested Butte was arranged by Crystal Holidays (tel. 081-309 5144) and American Airlines (081-572 5555).

To contact Crested Butte's agent in the UK, telephone 0424-863 388. For details of Sno-cat skiing at Irwin Lodge, telephone 0161303-349 5140.

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COLLECTING

Shafts of light in a grey landscape

THE BEST that can be said about the current state of the UK fine art and antiques market is that the worst may be over. Dealers who sold absolutely nothing during the summer months were managing the odd transaction in the early autumn. In spite of the season there are the slightest stirrings of life.

The spate of Fairs in London in October helped. Business was hardly brisk at the 20th century British Art Fair, or the Park Lane, or Olympia, or LAPADA, but at least dealers stopped feeling sorry for themselves in their unvisited shops, and enjoyed hearing horror stories of other dealers.

And there were sales. At Olympia Park Street Antiques found a buyer at over £20,000 for a Dutch marquetry bureau, and Anthony Mitchell disposed of a painting for £60,000. As ever with fairs, the real benefit came later - as early as the following Monday for Haynes of Broadway, who was pursued to his Cotswold shop by a customer anxious to spend £68,000. And the fairs looked good. One benefit of the recession is that it is forcing dealers to market their stock more energetically - through fairs, by a greater concern with presentation, and through foreign

travel. Any revival is much more likely to come from overseas buying, notably continental and American, than from the inartistic British.

This was proved in New York last month, where about 30 important British dealers at the International Fair at the Armories were buoyed by serious enquiries and a few sales. The New York market seems to be that bit more confident. Confidence is the main problem. Even collectors who can afford to buy are waiting for the right psychological moment, for the day when the recession is seen to be over and expansion under way again. They are also rather miffed with the reluctance of dealers to reduce prices significantly, at least for top quality items.

In New York, the trade has kick-started business by a willingness to offer discounts. British dealers reply that the finest antiques still fetch high prices at auction and that they cannot afford to under-sell good stock which would cost more to replace. There is also the overriding problem of indebtedness: banks are keeping dealers in business because they do not want to take possession of basements-full of pictures and other antiques. With overdrafts at or above the limit, dealers are looking for

the one big transaction which will make them solvent again. Some potential buyers anticipate that the dealers' nerve will crack in the next few months, and art will follow property prices downwards.

This is happening in one of the hardest hit sectors - expensive British contemporary art. The Gilbert & George show at the Anthony D'Offay gallery was not a success, and the dealer reduced prices from around \$45,000 (£26,150) for a work to nearer \$37,500. The

contemporary boys, but his recent show at the Tryon Gallery sold so well that potential buyers of one work, a painting of a tiger, at \$45,000, had to compete through a ballot.

The dealers have survived better than anticipated. There have been two casualties in the well-established West End trade - Sparks, the oriental dealers, and Heim, which specialised in Old Masters - but the rest have held on, dispensing with staff and luxuries. In the meantime dealers

selves are often in no position to buy, even when offered fine works of art; they dare not raise their overdrafts higher.

But the auction houses cannot organise fine sales unless they are consigned fine antiques to sell. And few vendors want to test the market. Death lacks judgment, fortunately, and the most important pictures of the year appear at Christie's New York on November 5, following the death of Burton, Tremaine. Works on offer include an important Leger, estimated at up to \$10m, and a Mondrian with a \$8m. upper forecast. These are serious prices, and Christie's had to offer the family a risky guarantee to secure the sale against competition with Sotheby's. If the sale goes well it will be wonderful for the executors; for the market; and (specially) for Christie's.

The one consolation for the dealers is that they got through the first half of the downturn better than the salerooms. While both Sotheby's and Christie's reported something over a 50 per cent fall in sales in 1990-91, a survey by the British Antique Dealers Association discloses that the turnover of its members including most of the biggest and the best UK dealers was down by nearer 10 per cent on

the year: from £523m to £470m. This is unsurprising: the great saleroom collapse was concentrated in impressionist and 20th century art and BADA dealers look to older antiques for their livelihood.

Least affected were dealers in glass and ceramics, followed by jewellery and silver dealers. In contrast, almost 60 per cent of dealers in pictures and furniture reported a fall in turnover of at least 10 per cent. However, two thirds of BADA dealers sold less last season, with about 30 per cent of members reporting a downturn of more than 20 per cent. One encouraging feature was that there were still new buyers about: these accounted for 20 per cent of dealers' sales (as against 43 per cent to established customers and 25 per cent to other dealers).

These are the most reliable facts that can be garnered from a business which much prefers discussing objects to turnover figures. They suggest that in spite of such potential hazards as the collapse in the property market (acquiring a new home often results in a buying spree of decorative antiques, for furnishing the troubles at Lloyd's) and falling company profits, the committed collector still needs his or her fix of art-buying.

London's art market is in the doldrums says Antony Thorncroft, but there are encouraging signs from New York

problem is that this is such a narrow market - probably fewer than a score of British collectors are prepared to pay over £20,000 for a challenging modern work of art. The dealer Karsten Schubert reports that his operation is supported by just five buyers. Obviously, if one or two of them feel nervous, business grinds to a halt.

The other end of the market, decorative art for the home, is holding up better. The wildlife painter David Shepherd would not be counted an artist by the

blame the salerooms for intensifying the recession. If they had not hyped antiques as an investment, the speculative price rise and resounding slump of the late 1980s would not have happened. But the dealers forget how much they enjoyed the boom in art prices.

The salerooms are also criticised for not holding enough high quality auctions to tempt connoisseur collectors into bidding handsome prices, and thus restore confidence to the market. The dealers them-

BLOCKBUSTER international touring exhibitions are a relatively recent phenomenon, a reflection of the widening popular appeal of art.

Paradoxically, as monographic or thematic shows increase in size and ambition, and accumulate ever more venues, lenders - both public and private - are increasingly reluctant to submit their more fragile works to the rigours of the road. These shows are rarely wholly moveable feasts - delectable morsels are added and subtracted between one venue and another.

Rembrandt: the Master and his Workshop, opened at

Rembrandt on the road home

Schinkel's great Altes Museum in Berlin in September and transfers to the Rijksmuseum in Amsterdam next month, and to the National Gallery in London in March. The Dutch are making much of this reassessment of their country's most famous son.

Amsterdam, where Rembrandt lived and worked from 1631 until his death in 1669, offers the definitive view on any Rembrandt exhibition. Only here does it not matter

that so many of his masterpieces have stayed at home.

The permanent collection at the Rijksmuseum boasts his most famous canvas, the theatrical and much slashed "Night Watch", and that most touching and intimate affirmation of the love between two ordinary people, "The Jewish Bride".

Three loans also take their bow only in Amsterdam. The most unusual and interesting is the mythological scene of "Diana Bathing with her Nymphs" (Museum Wassergang, Anholt). By contrast, the selection of drawings is unchanged from Berlin, but this is the last chance to see them all together (the drawings show closes before the paintings, on January 19). The London drawings show will be completely different.

Exhibitions complementing the Rembrandt show abound. Rembrandt's house in Amsterdam (Jodenbreestraat 4-6) offers the first show devoted to history painter Pieter Lastman: "The man who taught Rembrandt", December 7-February 18. The Jewish Historical Museum (Johannes Daniel Meyerplein 2-4) presents "The Old Testament in Paintings of the Golden Age" (December 13-April 13). The Rijksmuseum het Catharinenvoer, Nieuwe Gracht 63, Utrecht, explores the depiction of biblical stories on furniture and domestic utensils (Dec 14-March 8).

Leiden illuminates the relationship between Rembrandt and Jan Lievens, with whom he shared a studio at the outset of his career (Lakenhal



Rembrandt's "Diana bathing with her Nymphs, with the stories of Actaeon and Callisto"

Museum, Oude Singel 28-32, December 3-March 1). That studio is being recreated in the Stadthuyswerf or City Carpenter's Yard. The Mauritshuis in The Hague presents a homage to his former director and Rembrandt connoisseur Abraham Bredius. "Bredius. Rembrandt and the Mauritshuis!!!" (Bredius had a fondness for exclamation marks)

opens November 30-March 1. Rembrandtphiles ought not to miss the great portrait of Rembrandt's patron Jan Six, at the Six Foundation in Amsterdam (Amstel 218; tickets at the Rijksmuseum). For "Rembrandt" (December 4-March 1), the Rijksmuseum is operating a timed admission system with advance booking. Tickets are for sale in

advance in 15 countries through the Netherlands Board of Tourism. For information telephone the Rembrandt Reservation Centre in Amsterdam on (70) 317-5454, or London 071-630 0461. The sponsor, American Express, is offering a three-day tour to Amsterdam for £179. Inquiries: 0283-820044.

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Stamps 12 & 13 November
Fine English Furniture 14 November
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COLLECTING

Berlin hopes for centre stage

Susan Moore thinks the Orangerie will shake off its provincialism and gain in stature



Max Beckmann's "Journey on a Fish" (shown by Wolfgang Wittrock, Düsseldorf) was one of the most impressive - and the most expensive - exhibits at the fair at DM6.9m (£2.37m)

WHO SAYS there is no such thing as a new idea? A decade ago Bernd Schulz, the Berlin dealer, had the inspired notion of organising an art and antiques fair in which the select exhibits were displayed not on the stands of participating dealers, but "pooled" and arranged chronologically, and according to medium. The character and appearance of the traditional art fair was transformed.

Serried ranks of claustrophobic shoe-box stands gave way to a light, airy, museum-style display which concentrated on showing the highest quality works at best advantage, inanimate walking through a gallery at the Victoria and Albert Museum and finding you could buy anything you wanted - provided your purse was deep enough.

Schulz's new-style Berlin fair took its name from its venue - the 18th century Orangerie of the Charlottenburg Palace; "Orangerie," in turn, provided the generic name for a type of fair. Thus, an Orangerie section was part of the 1989 Manchester fair, and London's Accademia Italiana launched its own annual Orangerie Italiana last December.

This year found the Berlin Orangerie in the splendid neo-Renaissance Martin-Gropius-

Bau (October 12-27), inaugurated in 1881 as the applied arts museum.

Less than two years ago, the Wall separated the massive and ornate red-brick palace from the building across the street. Now, the Martin-Gropius-Bau is back in the heart of Berlin, and it seems particularly appropriate that the first Orangerie since 1986 should have taken place there. This year marks a watershed for unified Berlin and for the fair.

The decision to move the seat of the German federal government ensures a central position for Berlin in Europe. With this year's Orangerie, the Berlin Association of Art and Antiques Dealers (of which Schulz is chairman) in effect established its commitment to revive Berlin's status as an important international art centre, on a par with London and Paris, which the city enjoyed until 1933.

The Orangerie, Schulz says, grew out of a desire to create something unique that would put Berlin on the international art map. As it became increasingly difficult for dealers to find, as well as to find, high quality works of art, a means had to be found to sustain a high standard throughout the fair. The solution was to invite individual works of art rather than individual dealers.

Dealers with only one out-

standing object to show are no longer obliged to take a stand and fill it with mediocre pieces. The Orangerie committee, made up of dealers and auctioneers, chooses from a wide range of work. A fee is levied on each piece selected. And the Berlin fair has become the best in Germany.

Schulz and the Berlin Association also realised, however, that the presence of international dealers was essential if the annual fair was to offer top-notch pieces. In 1988, foreign dealers as well as German ones were invited to submit exhibits in honour of Berlin's year as European City of Culture. It was the first German fair to open its doors to foreign dealers; the consequent future resulted in no Orangerie for two years.

Last year the Federal Association decreed that all German art and antique fairs would be open to international participation. In January this year, the Berlin Association decided that the Orangerie would become an international, biennial event, alternating with the Paris Biennale.

But by then the Orangerie at Charlottenburg was booked. Instead, the senate of Berlin offered the Martin-Gropius-Bau. Whether it will return to Charlottenburg in two years' time is not yet known. The former museum, damaged during

the war, was reopened after reconstruction as an exhibition venue in 1981. It offers twice as much space as the Orangerie, and its central courtyard and loggia - and its high-ceilinged rooms, conceived for the display of tapestries - make it an ideal venue for showing sculpture and large-scale furniture and modern art.

October's event represented 181 dealers (there were 122 in 1988): 40 or so from France, Britain, the Netherlands, Belgium, Switzerland, Austria, Denmark, Italy and the US. Dealers from east Germany were invited to participate, but none felt they had suitable works to offer. The show embraced paintings, drawings, manuscripts, prints, antiquities, objets d'art, photographs, furniture, sculpture, metalwork, jewellery, clocks, textiles, ceramics and glass.

Visually, it was a triumph. Much of the medieval sculpture and works of art were of outstanding quality. The first gallery housed an exceptional 14th century wooden statue of the Virgin, with original polychromy, of San Ansano; shown by Mehringer of Munich. Neuhaus of Würzburg showed an early 15th century limewood, probably South German - carved relief of the Death of the Virgin, and the powerful presence of a rock crystal cross, crafted in Germany around 1300-50, came from Rainer Zietz of London. There was similar evidence of quality in the sculpture court, notably with the impressive Renaissance bronze bust of Ottavio Farnese, shown by Cyril Humphris of London.

Substantial - and again, sometimes familiar - sculpture and silver were on offer from Ronald A. Lee, Kugel, Gierhards, Senger, Neuhaus, and from the Antiquaires a Paris. More unexpected was the group of autograph letters and manuscript choices by Diderot, Rainer Maria Rilke and Thomas Mann, sent by Martin Breslauer of New York; the primitive African sculpture amid the modern art; and a group of recent avant-garde decorative arts.

Most striking, especially for a general art and antiques fair, was the strength of the modern and contemporary paintings and the contrasting paucity of the Old Masters. There were impressive works by Max Beckmann, whose "Journey on a Fish" (shown by Wolfgang Wittrock, Düsseldorf) was the most expensive exhibit at the fair at DM6.9m (£2.37m). There were fine works from Willem De Kooning, Cy Twombly and Robert Rauschenberg, and everyone told me - an important Gerhard Richter.

There was little of interest among the predominantly 17th century Dutch paintings, although the drawings section had Kate Gans's Rembrandt view of the Amsterdam, and a Bruegel pen-and-wash view of Heidelberg. Käthe Kollwitz's sensitive chalk "Woman with Dead Child," and Botero's huge charcoal of "Louis XV and his Family in Prison" provided a boost to the standard of 20th

century draughtsmanship. Traditionally, the fair has excelled in works of art of regional interest. There were good Berlin decorative arts - not least the Berlin porcelain vase designed by Schinkel and painted by Gottfried Völker (Gottfried Burstert, Berlin). Where the works were less interesting, the fair drifted into provincialism.

The pertinent question is whether the injection into the Orangerie of higher quality and more diverse works of art will attract buyers, national or international. Certainly the great tradition of collecting works of art in Germany was abruptly broken in the 1980s, and that aspect of its cultural identity largely lost. Most collectors in Germany today are more comfortable amassing modern art than the kind of wide range of treasures sought by, say, Robert von Hirsch.

Aesthetically, the Orangerie offers a great improvement on the traditional art fair. What is less clear is whether a dealer loses out by not being at hand to discuss an object with a potential client. Every participating foreign dealer I spoke to - and even some from Germany - agreed that the Orangerie provided them with an excellent showcase in Berlin. Not one, however, claimed to think he or she would sell anything. But it is early days. Berlin, politically and culturally, is on the up.

Five years ago saw the launch, with the backing of the Deutsche Bank, of art auctions at the Villa Grisebach. Last year, Sotheby's opened an office on Unter den Linden. This autumn, Schinkel's great Altes Museum was the opening venue for the important Rembrandt show. Since the Wall came down, some 10 new galleries have sprung up in Berlin. In two years' time, according to Schulz, there could be another 20.



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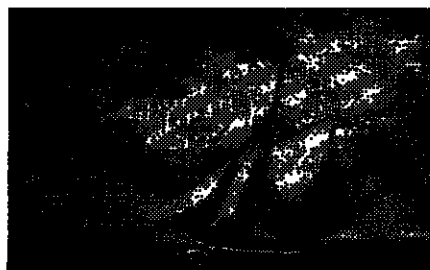
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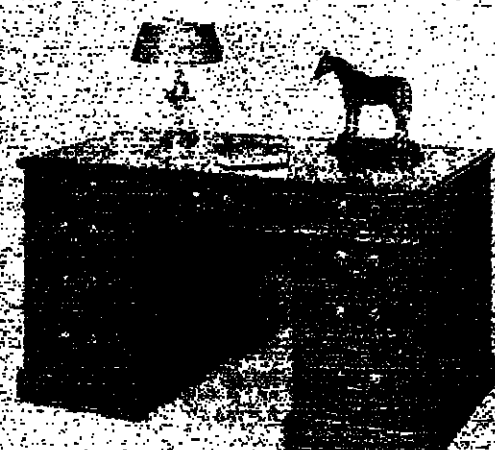
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Andrew Adonis, Education Correspondent*

"IF A CHILD fails at a private school, the parents blame the child; if a child fails at a state school, the parents blame the school", goes shadow education secretary Jack Straw's "law on schools". But to the extent that it holds it is not just double standards: most parents who go private do so because they blame state schools for providing inadequate opportunities.

It was not ever thus. Only two generations ago tradition, snobbery, religion and a preference - or need - for boarding were the mainstays of independent education. None of those have had much to do with the 25 per cent rise in the proportion of the school-age population attending private schools in the last decade: the fact that it now includes a fifth of all sixth formers and a quarter of university entrants in England and Wales is a fair indication of what has.

It is not, however, simply a matter of university places and exam success, for all last month's rash of league tables. In a recent MORI poll of private parents the highest-scoring reason for opting private was "high standard of education" (34 per cent), but not far behind were "state schools unsatisfactory", "discipline" and "smaller classes" (all at 21 per cent). And whatever they say, many private parents - not least the 41 per cent themselves educated in the state system - are also buying social cachet and confidence.

Culture, selection and resources are, therefore, the independent sector's principal assets. But not just in the classroom: as music, sport and extra-curricular activities feel the squeeze in the state sector, private schools look increasingly attractive. Music is of particular moment, with instrumental teaching in state schools severely weakened by cuts and the education department estimating that, on current

trends, the supply of state music teachers will fall a third short of demand by 1997.

The independent sector is highly segmented. Among the 3,000 schools, growth in the prep and pre-prep range is most marked. But the sector is not composed entirely of schools: the market for private A-level tutorial colleges grew sharply in the 1980s, and not just for re-takes. According to Joe Ruffin, director of the MPW group of colleges: "The re-take market is shrinking, especially in science and engineering, as A-levels and entry to higher education become easier. But the longer-term market, embracing those unhappy with conventional schools, is growing".

When it comes to the mainstream academic diet, the private sector's leading lights are concerned merely to deliver high grades, but to protect the A-level status quo. Widespread unease is expressed at the GCSE - "General Certificate of Secondary Education", as one independent head dubs it - and the public schools are fighting hard to preserve A-level from reform in its image, particularly if its successor is, as Labour wants, a pan-vocational and academic qualification intended to be taken by most 16-year-olds.

In consequence, public school heads are mostly defensive and conservative on the issue of post-16 curriculum reform, though privately many acknowledge that A-levels force pupils to specialise too early and narrowly. A few braver souls are moving to the International Baccalaureate, a far broader and more demanding course.

Richard Barker, head of Sevenoaks School, a third of whose sixth formers take the IB, refuses to see A-levels as the "gold standard", and is disappointed that colleagues in the Head Masters' Conference remain wedded to them. But consumerism reigns supreme, and so long as the punters have faith in gold, they will do little to disabuse them.

What of the future? Most in the field still view Labour as the looming threat. But there is little to fear from that quarter: Jack Straw went to the HMC last month to proclaim the cold war over and private schools "part of the educational landscape". A Labour government will oblige private schools to follow the national curriculum and allow in state inspectors. And if they want to keep their charitable status, they will have to demonstrate "wide community involvement". Most schools already do the first, and they can hardly complain at the other two.

On the face of it, the sector would suffer badly from Labour's commitment to phase out the 57m-a-year assisted places scheme, which pays all or part of the fees of 30,000 private pupils (six per cent of the total). Yet most assisted places are to be found in the big city day schools, and the likes of Dulwich, Haberdashers' Aske's, and Stockport and Newcastle grammars would comfortably fill their places without them. More potentially damaging than Straw are two other figures on the horizon. The first is growing middle-class antipathy to boarding. Boarding numbers are declining steadily, and show no

sign of stabilising - in spite of glitzy PR campaigns. Co-education is becoming the norm: that and weekly boarding might slow the trend, though as yet only a tenth of all boarders go home every week-end. It may not be long before numerous rural and remote boarding schools have to consider upping sticks and moving to cities - facing all the hazards that follow transplant operations if they do.

Second, and more immediate, is the independent teachers' pay review body, one of John Major's first creations as prime minister. The review body is expected to recommend a pay rise - albeit partly linked to performance - to raise the low esteem and appeal of teaching to graduates.

For independent schools whose annual fee increases have long been outstripping inflation (up 10 per cent this year, 13 per cent last year), it is an ugly prospect. Annual fees already average £5,600 (£6,700 for boarding); another large increase is bound to affect parents' cost/benefit calculations, especially if it comes with the recession unended. Significantly, when the MORI pollsters mentioned above asked parents of children in state primary schools why they did not opt for private schools, only 55 per cent said it was because local schools were "satisfactory": a full 25 per cent gave "financial reasons" and only 5 per cent had not considered the issue.

For most paying parents, the benefit is highly prized, and local management of schools and other changes to the state system have not yet appreciably reduced its relative value. If those changes take root, however, increased and cruder versions of the competition will idealise in practice as they already have in theory, independent education will find itself in a tougher market. But not for a decade yet.



Big noise on the bottom line at the Royal Grammar school, Guildford

'Values' must include value for money

Eric Anderson approaches private sector schooling from the point of view of its buying public

PEOPLE rarely pay for what they can have for nothing. Yet more than one British child in 15 goes to a fee-paying school at a cost, for 10 years' boarding, of about £90,000, or for a day place, of close to £60,000. What exactly do parents believe they are getting for their money?

My personal straw poll of parents comes up with four answers: teaching, discipline, all-round education and, knowing where you stand. These answers are not quite so simple as they seem.

There are, after all, thousands of good teachers in maintained schools, and some indifferent performers in independent schools. What parents are prepared to buy is a reasonable guarantee, overall,

of competent teaching. They want to know that their son or daughter, though perhaps marmoset or German or biology without having to weigh up whether the teaching will be good enough in a particular subject in a particular term.

Whatever they think when their own offspring get into trouble, all parents want discipline for other people's children. Rightly: the atmosphere of any school can be ruined by a few determinedly difficult pupils. And until earlier this century, whenever a new Head Master took up office at Eton, the Captain of the School presented him with a birch - to

symbolise that he exercised his authority with the theoretical consent of the boys. That unspoken contract is vital.

All-round education is a characteristically English demand. School is where most of our young people first play organised games, take part in a play or begin to learn a musical instrument. By contrast, in most continental countries schools are for academic learning, while activities like music and sport are organised by clubs in the home town.

Most independent schools have no patience with that, still current in some state schools, where critical marks

on essays are deplored and red ink banned as threatening. Young people like to know how they are doing, or believing they are doing fine when they are not. Pupils and parents have a right to know where they stand. It is good that no parent has failed all three. League tables tell you nothing about how your indi-

vidual child will do at a particular school. How do you judge, then, if a school gives value for money? Almost nothing can be measured. You can calculate overall GCSE or A-level results, but not what they represent in terms of value-added. You can count the numbers of former pupils who play rugby for England, row in the Olympics or play in the National Youth Orchestra, but not the confidence or the life-long pleasure that sport and music have given to myriads of lesser performers. You can list the number of old boys who get into trouble in later life (although I

know of no school which does), but there is no way of measuring how far values acquired at school influence for good. In the end, people choose the school which they feel has something close to the balance of qualities they want. The chosen school will not exactly be made to measure, but it will not be off-the-peg either. Independent schools are genuinely different. They are not all academic power-houses. Some deal with a wide range of ability, some specialise in learning difficulties; some cater for boys only, some for girls, some for boarders, some for boys and girls with musical gifts. They

do not have to be all things to all men. They have the freedom to concentrate on what they do best. By contrast, the state system offers parents a narrow range of options, usually a choice between one comprehensive and another. The recent Education Act could change that. It provides for testing and information. It also provides for schools to opt out of local authority control. If substantial numbers do, we could see state schools offering parents the kind of choices for which they now have to pay. Independent schools have always seen themselves as the flagship of the educational fleet. There can be no complaint if state schools follow their lead.

Eric Anderson is Headmaster of Eton.

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INDEPENDENT EDUCATION

Results are not everything

PPRIVATE schools played a vital role in the development of state education in Britain. They provided the framework, if not the blueprint, for the organisation of selective schools in the state sector: with the curriculum, the timing of independent schools was explicit, resulting in rigidly subject-based organisation.

In the 1980s the private sector still had a profound influence on the state curriculum. In almost all of the A-level reforms, and in a number of those at O-level, the private sector's resources were significant in the success of many new courses. Few observers at the time believed that independent school teachers were anything but altruistic, a feeling reinforced by the realisation that reforms in public examination systems concentrated principally on strengthening the academic approach to traditional subject disciplines.

Initially, the independent sector seemed to welcome the GCSE, thinking it enabled them to exhibit superiority through comparison with state schools. However, the experience of the past three years has shown great variability in performance, making straight comparisons difficult. Consequently independent schools have set no great store on 16-plus results for publicity purposes.

The reverse applies with A-levels. Private schools parade their A-level colours to all, and the increasing number of "league tables" and the public response to these seems to have justified them in so doing. A-levels have never had a greater importance in independent education, and the protection of this "gold standard" is a central campaigning issue.

The gold standard is under attack. But the question ought to be whether in the future it will be at all relevant. Already there are signs of radical change in arrangements for 16-19 education. Arguments for a more imaginative academic programme based on less specialised education for an increased population beyond 16 are well advanced. So is the case for developing courses through which the academic and vocational needs of young

people may be accommodated without inflating the status divide between education and training qualifications.

The Royal Society's report "Beyond GCSE", indicating a fully integrated approach beyond 16, and the increasing popularity of the International Baccalaureate, with its six-subject curriculum, are only two of the more heavyweight responses.

With all this, it is disappointing that the independent sector gives the impression that concern with the quality of post-16 education offered by schools and colleges is of secondary importance to the protection of an examination which, whatever its former glory, is unlikely to be as important for the future. It is as if the very schools which have traditionally stood for education in the fullest meaning of the word are turning in on themselves, surrendering concern with quality of educational experience to the interests of standards.

There may well be good reasons for that. After all, "whole school" issues demand quite different resources to individual subject development, and independent schools may feel they are ill-prepared by training and experience for the challenges ahead. It may also be that the cost of leading development in this vital area is too high for schools which are, by their own admission, experiencing the hard edge of commercial reality. The result is an emphasis on output at the expense of quality of experience, and a lack of investment in their own future.

Whatever the reasons, the absence of those in the independent sector from discussions on the most pressing issues in post-16 education is to be regretted. In the case of independent schools it is a pity. In the interests of the nation as a whole it is a shame.

Jeff Thompson

Jeff Thompson is professor of education at Bath University and deputy chairman of the School Examinations and Assessment Council. He writes here in a personal capacity.



Up-to-date economics in one of the 25 high schools run by the Girls' Public Day School Trust

The American experience

Peter Aitken looks at independent education across the Atlantic

MY 11-year-old son's school homework nearly stumped me recently. The question was: "How did Joseph interrupt Pharaoh's dream?"

Eventually I helped him to realise that the operative word must be "interrupt," not "interrupt." To interpret what follows, it may help to know that geographically my vantage point is Boston, Massachusetts. Boston is arguably the most "British" city in the US - and it is surrounded by independent schools. My own schooling was in independent schools in the US, New Zealand, and England, together with four years at Aberdeen Grammar School in Scotland. My subsequent 32 years as teacher and headmaster, working in independent schools, were split about equally between England and the US.

Americans have a paradoxical perception of British education. On the one hand they admire the British command of language, on the other, they are critical of early specialisation and of curricular constraints which they believe are inherent in the British system.

I am tempted to interpret American perspectives by reference to the vigorous spirit of individualism in the US.

Child-centred, "progressive" educational traditions remain influential in American classrooms, making British education seem comparatively authoritarian.

Some 2,500 independent schools in Great Britain enroll 620,000 children: about 7 per cent of the school-age population. In the US, 6m (12 per cent) of a total 50m school age children are enrolled in 28,000 private schools.

But in reality the difference is not so great. Americans are so sensitive to their constitutional separation of church and state that denominational schools are necessarily private - in contrast to the British state of affairs.

The largest category of private schooling in the US is parochial schools financially supported by the Catholic church, charging annual fees of about \$3,000 (about £1,500). Other denominational schools (Jewish, Lutheran and so on) have substantial enrollments.

The other independent schools enroll perhaps 500,000 students and charge annual fees ranging from a few hundred dollars to nearly \$20,000 (£12,000) in some elite

boarding schools.

The US constitution leaves education in the hands of individual state and local governments which have used their tax revenues to build school systems that are remarkably similar. From one state to another, a US state school is a state school wherever it is - like a McDonald's hamburger.

US private schools are less controversial politically than in Britain. In the UK, the relationship between state and private schools has been influenced by the political ascendancies of the two main parties, Conservative and Labour. In the US, although charitable status may occasionally be attacked by local governments short of cash, the American belief in free enterprise extends to education: not even the Democrats, still less the Republicans, would campaign to undermine private schooling.

Church-state separation has been one of the more consistent influences on the status of America's private schools. In the UK, class has been a factor in the evolution of Comprehensive schools were

intended to promote egalitarianism in UK schools and beyond; so has some of the recent drive to redesign public examinations.

Trends in US and UK examination policy show some intriguing contrasts. British GCSEs have introduced a substantial element of school-based coursework; in the US, dissatisfaction with wide variation in a system where each school grants its own graduation diploma is leading to the development of national curricula and examinations.

If independent schools are "private schools with a public purpose," as I like to think they are, charitable status and independence demand reciprocal obligations to the societies that grant them. The greatest challenge for independent schools in both the US and the UK is to find ways of containing cost increases, so that pupil intake becomes less exclusive.

In both countries there is always a risk that politicians will threaten, not foster, the educational process. We must be sure we learn the difference between interruption and interpretation.

Peter Aitken is Research Director at the National Association of Independent Schools, Boston.

Change goes co-ed

Christopher Evans brings the boarding school scene up to date

BOARDING schools face a tricky future. They are still peculiarly English institutions: Scotland and Wales have few boarding schools and across the Channel sending one's child away to be educated has been generally perceived as bizarre, even sinister. Even in England, the quaint terms "prep" school and "public" school still evoke homesick pupils, hard mattresses and lumpy porridge.

Yet most of the old-fashioned image has changed. Now you will find girl boarders in former boys-only schools, self-service canteens, centrally-heated beds; frequent weekend visits home - and pupils' homes closer to their schools. Yet boarding pupil numbers have been falling.

Seeking to raise awareness and encourage visits to schools, the Independent Schools Information Service launched a Boarding Schools' Week in October. What did visitors notice? Thriving and varied communities, many with impressive new facilities, and staff committed to caring for and developing pupils in and out of the classroom.

Jack Straw, the UK Shadow Education Secretary, has expressed a hope that boarding schools will soon be extinct, except for a few schools catering for the children of "snobs and eccentrics," but the sector is confident of its future role.

It will have to go on adapting to change. Co-education will increasingly become the norm, although a small number of high quality schools will continue to offer the single-sex choice. Many of the famous boys' public schools which admitted only a few carefully-selected girls at sixth form level - cosmetic co-education, it might be said, rather than a whole-hearted commitment - are now fully co-ed, and more are heading down the road: Marlborough, Clifton, Oundle, Rugby, Leighton Park, the King's School, Canterbury.

A similar trend shows in boarding prep schools. The "family school" is Headmaster of Dauntsey's School, Wiltshire.

will become increasingly popular. Already it is unusual to dispatch a son or daughter from one end of the kingdom to the other; boarding schools are benefiting from parental involvement in concerts, plays and matches, besides closer liaison over pastoral and academic matters.

In many schools, "flexi-ex" arrangements have replaced the pattern of one exeat (home leave) each side of the half term break. Some schools fear the impact on week-end school activities, but most of them are finding a happy middle way.

After six days of a busy week for parents and children alike, more frequent Saturday evenings and Sundays spent as a family are valued.

Increasingly, boarding schools are having to provide greater comfort. Bedrooms for one, two or four (three can pose problems) are replacing dormitories; kitchenettes and pupil common rooms abound; staff accommodation is better.

None of this comes cheap. The going rate for building a new 65-bed boarding house is about £1.2m. Even without such investment, boarding schools are labour-intensive. Fees have risen by about 10 per cent a year over recent years. If the schools are not to price themselves beyond all but the very rich, other ways of raising revenue must be found. They must capitalise more on their facilities during the school holidays.

But the result of fee rises may be shorter packages: parents investing in boarding education for a son/daughter's last year or two at a prep school; for the sixth form years; for a couple of GCSE years. Boarding schools need to exploit the European market further; but already many a German boy or girl is spending a year or two in an English boarding school, and exchanges with eastern Europe will develop. There is a conviction, among their heads and governors, that boarding schools will survive.

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PERSPECTIVES/GARDENING

Slow boat to England's good life

HALFWAY down the long cabin roof of the narrowboat Little Gattineau, my wife, Jany, is crouched in the bright sun like a Chinese peasant. In a wide-brimmed straw hat, a bottle of Brasso at her bare feet, she is patiently polishing ventilation covers that have not shone for many years. It is slow work, almost as slow as our own chugging, duck's-pace progress out of London.

At the bottom of the metal stairs that lead from the aft deck into the cabin, a second member of the crew is engaged in more urgent, faster-paced work. Simon has spilled his plastic tub of maggots.

As an eight-year-old fishing fanatic, he is worried that his bait supply, fast wriggling toward odd corners of the engine, bilge and cabin, may escape his reach. As deckhand to me, his irascible father and captain, he is also worried. If the maggots are not retrieved he may not be able to escape my own reach.

At the stern of the boat, my hand on the tiller, I, too, am worried. Maggots worming their way about the engine are one thing; the strange knocking sounds coming out of it are another. Should I once again phone Steven Strickland, the trusty marine engineer I am slowly making rich on the profits of repair to Little Gattineau? Or should I calm down?

I decide to calm down. Narrowboat diesel engines, in canal-boat mythology at any rate, are indestructible. Simply feed them with fuel, make sure they have oil and water, and they will plug away for years. So, at least, say the beery, red-faced men in canal-side pubs where boatmen gather.

I decide to adopt the same attitude. This is not, after all, the America's Cup or a Challenger-style expedition; this is a family holiday, a time to ease up on care and hurry. On southern England's winding Grand Union Canal, we are never going to be more than a few yards from land. And, as for haste, what is the point of it? Here the speed limit is a stately four miles an hour.

Watford, on the edge of London, is a foreign and distant place three days to the north. As, one after another, remains of London's grimy industrial past slip by, I breathe more easily and relax. Already Wormwood Scrubs and the paint-flaked gas floats of Kensal Green are astern. Behind, under a dirty London haze, lies the city's clogged ring of development, the slow and gentle pleasures of the English countryside in August.

There were a hundred reasons why I should not have bought Little Gattineau, but from the moment I saw her I wanted her, and did.

She is not the most elegant of craft: 50 ft long, built of solid steel, only 7 ft wide. With approximately the same proportions as a pencil, she is cumbersome to steer - her stern swings in one direction as her bow turns in another. Flat-bottomed and keel-less,



she is pushed about by the wind and reluctant to reverse in a straight line. Such is the nature of British narrowboats. Nor has Little Gattineau always received loving care. Now 17, she is an old canal-lady somewhat bumped around by life. She has had a succession of owners, some careful, some not. She is a temperamental old woman and sometimes difficult to live with.

But somebody has loved her, and it shows. It is astonishing how many people who live around boats are recently divorced men. Is it a wounded retreat to pre-adolescence? A joyous return to long-denied boyhood adventure? More probably it is because they have lost the house, too, and cannot afford a second. At any rate, the man I bought Little Gattineau from had substituted his boat for his wife and paid her all the same little cares and attentions as a mistress.

In Little Gattineau's narrow interior, all is shiny brass, polished glass, and varnished wood. There is a cheerful cast-iron stove, curtains on the windows, and a dining table for breakfast, morning papers and duck watching. There are framed canal scenes on the knotty pine walls, pile carpets, blue willow-patterned china, a kettle that sings, and tea towels with printed ships sailing across them. Flower vases are full of flowers, and a tea caddy brims with tea. If Little Gattineau can be a tiresome old woman, she also knows how to

sit back in satisfied comfort when her whingeing is over. Not only that, but after Steven Strickland's prolonged and greasy-handed ministrations, Little Gattineau might even behave herself mechanically on this, the first extended trip we are taking on her. How can we feel anything but light-hearted when setting out from London on a summer's day?

By late afternoon we are not out of London, but tied up in a quiet stretch near Horsenden Hill. The illusions of countryside, if not countryside itself, are all around.

Not far away are streets and houses, sweet shops and laundromats. But here inside the tree-lined border of the towpath is a secret world. Ducks,

geese and moorhens ply their way over the water, rummaging for dinner. Fish rise to the surface, sending rings of tiny waves rolling outward over the water. A breeze shivers the rushes at the canal's edge. Even in the suburban wilds of outer London the wind in the willows still exists. It is the principle reason for narrow-boating.

What does not exist on this particular evening, however, is much electrical power on Little Gattineau - for some reason the boat's alternator has not recharged the auxiliary batteries over the day's cruising.

As Jany - transformed from deckswab into French chef - prepares a meal, the cabin lights grow weak, then ever

dimmer, and finally die out altogether. We dine on crab and avocado salad, romantically, by candlelight.

One of the nicest things about canal life is its people. There are aristocratic boat owners who stand at the stern of immaculately polished narrowboats in starched shirts and cravats. There are others, long-haired, tattooed, and eccentric, for whom the canal represents the very margin of society. Most boat people, like most Englishmen, fall somewhere between the two. But with that rare thing in England, a common passion that transcends class, all are invariably friendly and helpful. Boats are great social levelers.

Over the following days such

people help me sort out Little Gattineau's cranky behaviour. Opinions are pronounced, wires fiddled with, tools lent, nuts tightened, valves purged and the little secrets and tricks of boat-craft imparted. If it were not for Ginger Holloway, canalman extraordinaire, we might not be having much of a holiday at all.

We meet Ginger under shady water-side trees at Cowley Reach. It is a pretty place where London's urban strangeness holds on the Grand Union canal weakens and slowly gives way to fields and cows and wooded hillsides. Ginger, by any rapid standard, is an out-there, out-there, shirker of the 9 to 5, teller of impos-

sible tales and drinker of truly epic stature, he would do nothing to inspire confidence in your mother or mine. From his wild red hair, now fast greying, to his grease-lined fingernails, he is a remorseless reprobate. Yet I find myself liking Ginger very much.

In his long career Ginger has tackled everything all over the world. He has been a radio operator with a British tank crew, managed questionable establishments in Paris, mined in Canada, and rodeoed in Wyoming. With his 12-year-old son Dominic, he ranges the canals, with no hurry in life and no constraint other than to be near an off-license the day the DHSS office issues his cheque.

But Ginger is a man of warm and generous heart, willing to give much of himself, and we travel with him for days. He helps us through the canal lock at Cowley, the first of 52 in our climb up the Colne Valley and beyond. We learn the arcane of lock gates, paddles, windlasses and balance bars. Ginger's beat-up narrowboat the Rafferty, its deck cluttered with ropes, a dog, a cat, old bottles and a coop of chickens, becomes a familiar sight on the water ahead of us. Simon and Dominic play bilingual Monopoly in the cabin of one or other of the boats. We climb a set of locks. We stop for lunch. More locks, more chugging along. Slowly we slide past the canal

Nicholas Woodworth tells how he came to love a temperamental old woman - his narrow boat

towns of Harefield, Rickmansworth, Kings Langley, Hemel Hempstead and Berkhamstead, in a succession of days that, after a while, blur one into the other.

By the time we reach Mar-sworth, on the far side of the Tring canal summit and seven days out of London, Jany, Simon and I feel we are starting to learn something about narrowboats. My hands are sore and battered from turning countless rack-and-pinion lock gates, my fingernails

dirty, my back stiff with heaving on ropes. But I am starting to feel like a boatman. Ginger, on the other hand, has learned a great deal about Little Gattineau's once well-stocked liquor cabinet. He obliges us with canal-manship; we oblige him with Gordon's.

Just as pleasantly, we have also seen something of England. Even the French find things to like here.

Simon knows the difference between a roach, a perch and a rudd, and now believes British fishing superior to French.

Jany has been happily initiated into the mysteries of the English country pub, taken a liking to mint sauce and developed a passion for English birdlife. Can Britain be all bad? After weeks of friendly encounter along the towpath, none of us believe as strongly as we did in the myth of British reserve and reticence.

Do we remain enthusiastic? Of course we do. Next year we hope to take Little Gattineau on the Thames for a visit to Oxford, a much longer jaunt than our two weeks. By narrowboat standards, Oxford is halfway round the world. But before we begin circumnavigating the globe, Steven Strickland and I must role our sleeves up and plunge once again into Little Gattineau's cantankerous, greasy heart. Her motor is still making that strange knocking sound, and it is getting louder all the time.

Old gardeners never die

... and their passions remain over the centuries, says Robin Lane Fox

AT ONE site in the world, you can visit the better gardeners who died nearly 2,000 years ago. Even then, they were busy with designer trellises and a small style garden fencing. Their fountains were often remarkably common and they were keen on glittering mosaic, set round the niches at their gardens' focal points.

Their remains are not to be found in England's Home Counties; instead, they have been laid to rest at Pompeii where Mount Vesuvius buried the city in the fateful eruption of 79 AD.

I have just returned from a fact-finding mission to Pompeii, a place to which we all bring myths. Mine ought to have been horticultural, but those which were uppermost were Freudian.

As a classicist, I have an excuse for this. Pompeii is the scene of one of Freud's *toiles de force*, the essay which he devotes to a short novel, called *Gradiva*, written by a German contemporary. In the story, a young classical scholar goes south to Pompeii, obsessed by the pose of a girl whom he has seen sculpted in marble; she is still visible, on a relief in the Vatican collection.

Among the ruins, he seems to meet her in a sudden encounter. She is walking, characteristically, across the stepping stones which still divide the streets.

Everyone comes with their own Gradivas, and Freud had an elegant answer to the delusions expressed in this story. No doubt he would have had an answer, too, for the personal myth which I brought to the city. Botany is no part of it.

but it derives from years at school. I was brought up to believe that when the hot ash poured from the volcano, the men of Pompeii grabbed any one available and went to their deaths making frantic love. I have not studied the postures of all skeletons found at

Pompeii, and nowadays it would be difficult as most of them have been withdrawn from view. This summer, however, yet more finds of bodies have been reported in the press, advance reports implying that some of the skeletons were intertwined. Were they,

perhaps, making love and had the old school myth come true? In spite of my visit, I failed to find the answer.

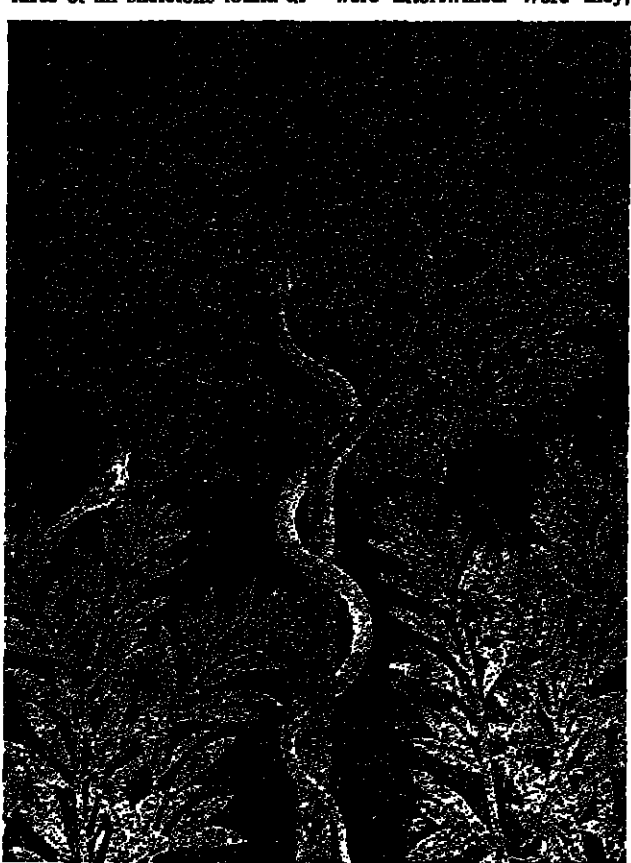
It is not altogether surprising, because most of the finds at Pompeii are still not on display and are buried in a second overlay, the chaos of the relevant museums. There were the usual corpses on show in the public bath house, restored to their poses of isolated agony. There were postcards of the famous day, twisted round its hind leg. Viewing involved singles only: there were no couples, not even a farewell kiss.

In the absence of more evidence, should we abandon the myth and look elsewhere? When the ash arrived, was the moral majority busy with something else?

Since the 1960s, we have come to know vastly more about the Pompeians' other passion: gardening. Some of this knowledge is owed to the archaeologists, especially the tireless Wilhelmina Jashinski who has championed new methods of discovery.

She studied the town's pollen and whatever remained of its carbonised vegetation. She also took concrete casts of the outlines of the roots of ancient trees and then deduced their size and type.

We have a better idea of Pompeii's planting and horticultural style, and we can match it to closer study of the city's many wall paintings. Their borders, views and subjects are often marvellously horticultural. There were gardens in the inns and hotels, gardens in the inner courtyards of the grand houses, and gardens for the growers of cut flowers who supplied the town with garlands and bunches.



Detail of the House of the Fruit Orchard from Wilhelmina J. Jashinski's book *The Gardens of Pompeii*

The shipping clerk who knew infinity

Continued from Page 1

gulf of culture and geography, with all their chance for misunderstanding. Now, as he would for the next few years, Ramanujan saw Hardy nearly every day and could show him the methods he had developed in India that he had been loath to describe by international post. Meanwhile, Hardy had the notebooks themselves before him and, with their author by his side, could study them as much as he wished.

The following year, 1915, saw a flood of papers by Ramanu-

jan, including one presented by Hardy to the London Mathematical Society. He had also moved into a set of rooms just behind Trinity's Great Court, less than 100 yards from Hardy's rooms. Ramanujan had already produced a paper on "Modern Equations and Approximations to Pi" which led to the computer algorithms for Pi that are still the fastest in use today; and that year his paper on highly composite numbers, his most important work so far, appeared in the Proceedings of the London Mathematical Society.

Earlier, Ramanujan had invited Bailey and another mathematician, S. Pollard, to see it. "He started at the beginning," Bailey would recall, "and quickly turned over the pages as he explained the ideas and arguments very briefly. Pollard wrestled manfully with the argument and was rewarded by a severe headache. I gave up the struggle earlier."

Ramanujan, though, was not in good health. He found it impossible to eat a well-balanced vegetarian diet in wartime Cambridge and he missed

the sun of India. He became ill and tuberculosis was diagnosed.

He became so depressed that he attempted suicide, throwing himself in front of a London underground train. It stopped feet from him and Hardy had to intervene to stop police arresting and charging him. "We in Scotland Yard did not want to spoil his life," one officer reportedly said when told how distinguished the bloodied academic was.

From 1917 until the end of the war, Ramanujan spent months in various nursing

homes. Hardy was a regular visitor and, at one point, nursed Ramanujan briefly himself. In 1919, by then a Fellow of the Royal Society and of Trinity but very ill, Ramanujan decided to return to India where he was to die two years later at the age of 32. Hardy subsequently described his association with Ramanujan as "the one romantic incident in my life."

The Man who Knew Infinity: A Life of the Genius Ramanujan, by Robert Kanigel, Charles Scribner's Sons, New York, \$27.95

Whats PINK with GREEN fingers?

The WEEKEND FT Gardening page.

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HOW TO SPEND IT

Post early for those helpful presents

Lucia van der Post thumbs through the Christmas catalogues from the charities and finds them stuffed with attractive gift ideas

HERE are those for whom, alas, this week's piece will already be too late — they are the clueless planners and organisers of this world who start to think about Christmas before the August Bank holiday traffic jams have cleared. I am sure there is a lot to be said for all this forward-thinking and careful planning but it is not my way. Early November is a quite time enough to start thinking about what our national retailers are pleased to call the Festive Season. And if it were not for the problems of our postal service even that would be far too early. As it is, it really is time for those who plan to do most of their shopping from the comfort of their own armchair to do more than just think about it. It is time to send off the catalogues, start writing out lists and generally get a bit excited. For those who believe in combining giving presents to the privileged of this world with helping the under-privileged here is the A to Z of how to do it.

These catalogues are not the place to look for sumptuous and exotic goodies. They are excellent places to find relatively well-priced cards, wrapping paper, ribbons, crackers and decorations.

Many of them will personalise things such as Christmas cards, pencils, crackers but you need to move fast — if they have a fault it is that they seem imbued with bad old business practices that used to infect the state sector. Nothing can be done fast and certainly not overnight. Catalogues frequently take two weeks to arrive and anything personalised will usually take up to 28 days.

Remember to read each catalogue carefully for postage and packing costs — these vary considerably.

You will find quite a lot of overlap in the present selection, largely because many of them seem to use the same wholesalers, so a selection of three or four of your favourite charities' catalogues should give you as much choice as you need. This year is again heavy on recycled paper, baskets and ethnic jewellery and this year's award for the present I least want to receive has an outlandish, whimsical, it goes to the novelty tea-pot shaped like a Christmas pudding.

Save The Children, SCF Trading Department, PO Box 40, Burton-on-Trent, Staffs. DE14 3LQ. Tel. 0283-510111.

One of the best for offering something attractive for everybody from childhood to old age. A good catalogue for all

the little things that go to make up Christmas — the cards (allow 28 days if you want them personalised), calendars, crackers, decorations and candles. There is one of the most reasonably-priced wreaths I have come across — made from pine cones and red flowers and apples it is 7½ ins in diameter and sells for just £7.50 (compare prices with the fancy florists around town and you will see what I mean).

All the hardy annuals are there — the personalised tumblers (£8.99) and luggage straps (£5.50), the gadgets and gizmos, but genuinely useful would be the steel fish poachers (£25.99) and the asparagus cooker (£17.50) while fans of fine soaps and potions also have lots to choose from.

For the outdoor set I think the canvas and leather rucksack is excellent value (£19.95) while there are lots of other practical ideas ranging from an inexpensive torch (£2.99) to a pocket compass (£4.50).

National Asthma Campaign, 300 Upper St, London N1 2XX. 071-256-2260.

Asthma affects the lives of about 3m in the UK and is responsible for more than 2,000 deaths a year. The charity has produced a slim little catalogue

Just a small selection of very nice cards and an equally small selection of presents.

There are lavender drawer liners (£5.99) and a personalised clown tidy (£9.99) which would

be fun as well as useful for a small child, as well as charming ceramic cat or dog string holders (£7.15 each) and a few ideas for the gardening and outdoor brigade.

British Heart Foundation, PO Box 45, Burton-on-Trent, DE14 3LQ. 0283-510111.

A large selection of cards, crackers, wrapping paper and decorations to choose from but all some will selection presents — for instance the set of four photograph albums, nicely bound, for just £13.45, a strong wooden Sellotape dispenser for £6.99 and a chic enamelled ball-point pen for £6.99. Useful for the travelling classes are Mary Quant's packaway ponchos at £9.99 and the blow-up neck pillow for those who have to sleep in cars or aeroplanes (£3.99).

Action and Research for Multiple Sclerosis, Arden Press House, Pixmore Avenue, Letchworth, Herts SG6 1LE. 0462-675613.

A small catalogue concentrating mainly on cards, crackers and other festive accessories and with a very special selection of presents — a sweet and inexpensive idea could be the little terracotta pot and bulb that comes in a basket for just £2.99 (three for £7.99).

The Disabled Living Foundation, 380-384, Harrow Rd, London W9 2HU. 071-289-6111.

Cards and a small selection of rather sweet home-related presents — things like book-

plates, stationery, floral tea-towels and aprons and some sweet presents for children, including a Noah's Ark puzzle, sketched here, for £2.99.

Gifts from Guide Dogs, The Trading Manager, GDBA, Alexandra Ho, Park St, Windsor, Berks SL4 1JR. 0753-855711.

The usual selection of cards, wrapping papers and present tags (though all on a doggy theme) and lots of presents on a cat or dog theme varying from the sickeningly sentimental, such as the Retriever Lamp (yours for just £29.75) and a 'delightful sculpture' of a kitten asleep (£17.50), to the charming and useful, including ceramic string holders, oven mitts and mugs to spoons and tapestry kits.

The National Trust (Enterprises), PO Box 101, Western Way, Moleham, Wilt, SN 12 8EA. 0235-705676.

As always, some eminently desirable presents, things one actually longs to have and to give as opposed to things one can just bear to buy. Pure Irish linen napkins (£21.95), the Tapestry kits (£19.95), cast-iron doorstops (see drawing), really enchanting mugs and china, as well as travel rugs, a duck bootscraper (at £43.50 a really charming present) and plenty of attractive ideas for children.

Also look out for some beautifully packaged foods — Earl Grey tea, honeys, jams and chutneys, perfectly round

Christmas puddings, fudge and other delights.

Oxfam, PO Box 182, 274 Banbury Road, Oxford OX2 7DZ. Tel. 0869-245017.

Its selection gets more sophisticated by the year and the Oxfam supporter can be sure of finding something for almost everybody here. Embroidered belts from Guatemala (£17.95), hand-dipped beeswax candles (£3.25 for two), baskets from Kenya, mirrors from Peru, Gladstone bags from southern India, rugs from northern India and sweaters from Bolivia, as well as toys for children and cards to send.

The NSPCC, 97 Saffron Hill, London EC1N 8RS. 071-242-1626.

Another good source of cards and crackers (some particularly elegant bottle green and gold crackers) but also some good presents — an Edwardian style wood and cast-iron alder, good for drying flowers or hanging pans (£39.95), a charming duck doorstop (£19.95), a selection of scarves, jewellery, trinket boxes and quite a lot of ideas for men (from a man's watch to wallets and photograph albums).

ActionAid Trading, PO Box 10, Gateshead NE 8 1LL. 091-487-5552.

One of the smaller catalogues but most of what it sells is made by people working in community projects in some of the world's poorest countries. Particularly good on toys —

the wooden croquet set, for instance, is made from hardwood (a 10 per cent surcharge on all wooden products is put into promoting replanting schemes), and there are good quality teddy bears and dolls.

Traidcraft, Kingsway, Gateshead, Tyne & Wear, NE11 0NE. 091-491-1001.

Traidcraft, of course, runs a regular year-round mail order service filled with attractive things from the Third World. For Christmas there is a special, smaller catalogue with lots of Christmassy suggestions — cards, calendars, decorations and a few pieces of jewellery, toys, stationery (recycled — of course) and knitwear. From the year-round catalogue (which costs 75p) there is a much bigger selection with frankly more choice

for those looking for presents that might really please.

Marie Curie Cancer Care, Pembroke Centre, Cheyne Manor, Swindon, Wilts. 0793-512121.

Small but useful catalogue for those who particularly want to help a cancer fund. From it you could certainly buy your cards, wrapping paper, candles and decorations if you were not looking for anything too special or original. You could also find some splendid, if traditional, presents — jars of honey, sides of smoked salmon, packs of good biscuits, stationery, bath oils and soaps, drawer liners and a raft of leatherware, everything from wallets to diaries and maps.

World Wildlife Fund, PO Box 49, Burton-on-Trent,

TOP ROW, LEFT TO RIGHT:
● Brass vase from Moradabad, India. £11.95 from Oxfam.

● Fleecy lined slippers £9.99 from the NSPCC.

● Chunky wooden tape dispenser, £8.99 from the British Heart Foundation.

● Boxed croquet set, £29.95 from ActionAid.

● A gentleman's travelling set with soap, aftershave, bath and shower gel, shampoo, conditioner and balm, all for £14.95 from Marie Curie Cancer Care.

● Bulbs in a single terracotta pot and basket, £2.99 or three for £7.99 from Action and Research for Multiple Sclerosis.

● Red Riding Hood doll one side, Granny and Wolf the other. £16.95 from Traidcraft.

● Mahogany reproduction of a Victorian sewing turntable with thimble, seven bobbins and loose pins and needles. 4½ ins by 4½ ins, £39.95 from Save The Children.

BOTTOM, LEFT TO RIGHT:
● Ginger cat Tapestry Kit, £19.95, from Gifts from Guide Dogs.

● Noah's Ark jigsaw for the younger child — helps develop memory, recognition co-ordination. £2.90 from the Disabled Living Foundation.

● Black and white cast-iron door stop, 6 ins high by 9 wide, £38.50 from The National Trust.

● A colourful, striped clown tidy for storing pens, crayons or whatever else its small owner fancies. £7.99 or £9.99 personalised with a name from National Asthma Campaign.

● A basketful of mixed beeswax candles, £14.99 from the World Wildlife Fund.



Anthony Lloyd

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Loose arrangements

IN THE home entertaining stakes you are nothing, it seems, but nothing. If your flowers do not pass muster. People like me who have enough trouble getting to their own tables on time can do without finding new things to worry about like whether Constance Spry would approve of the flower arrangements.

Flowers are always there, often in profusion — but arranged? You must be joking. They are bought on the run and put into the handiest, prettiest jugs and that usually has to do. So you can see why when Pulbrook & Gould, that most august of floral establish-

ments, announced that it was, for the very first time, prepared to impart its magic secrets to those with £50 (inclusive of VAT) to spare, that I felt there was a once in a life-time chance to pull myself up a notch in the dinner party stakes.

For anybody who knows anything about flowers, florists do not come classier than Pulbrook & Gould. Lady Pulbrook & Miss Gould it was who 35 years ago almost to the day showed the world that there was more to flower arranging than stiff and formal symmetry. They double-handedly showed that the chic way with

flowers was to make sure they looked like flowers and not like pokers. The totem words of the P & G school of floral matters are "loose" and "country." "Loose" and "country" is just what I like, too, so that was how I came to find myself with six other women, of assorted ages, watching Sheila Quaddy initiate us into the secrets of the trade.

I have to say it was awe-inspiring. There was Quaddy faced with a bucketful of foliage and precious few flowers, and in what seemed like no time at all there was an admirably "loose" and "country" coffee table arrangement.

P & G is famous for its foliage and Quaddy tells us that it is essential for providing looseness and informality. It is more important than the flowers and it is amazing, apparently, what can be done with even the humblest leaves. We learn that we must first get our basic shape right. She starts by putting in a tall branch of leaves and berries. More foliage, of diverse shapes and colours, goes in to provide more shape and conceal most of the bowl.

Leaves must flow and trail to look soft and natural. On no account are we to end up with a mean and bunched little number. We learn how to prepare the leaves and flowers — "all woody foliages and berries



Country style — the Pulbrook and Gould way

should be split or crushed, flowers should be picked at least a day before you arrange them and given a good long drink. Euphorbias and anything with thick milky stems should go into 2 ins of boiling water.

Gaps are filled with five big soft heads of hydrangeas ("always choose your flowers in threes, fives or sevens") the whole is finished with seven glorious pale apricot roses. "Never," says Quaddy, "put flowers in at exactly the same height — heights should vary, so should depths. Always keep three or five lovely round things for filling in near the centre." The finished bowl is soft, natural, enchanting. We are awestruck. "So quick, so beautiful, so effortless," we murmur.

Then to the real test — we are given our own wire netting, silver string, flowers and

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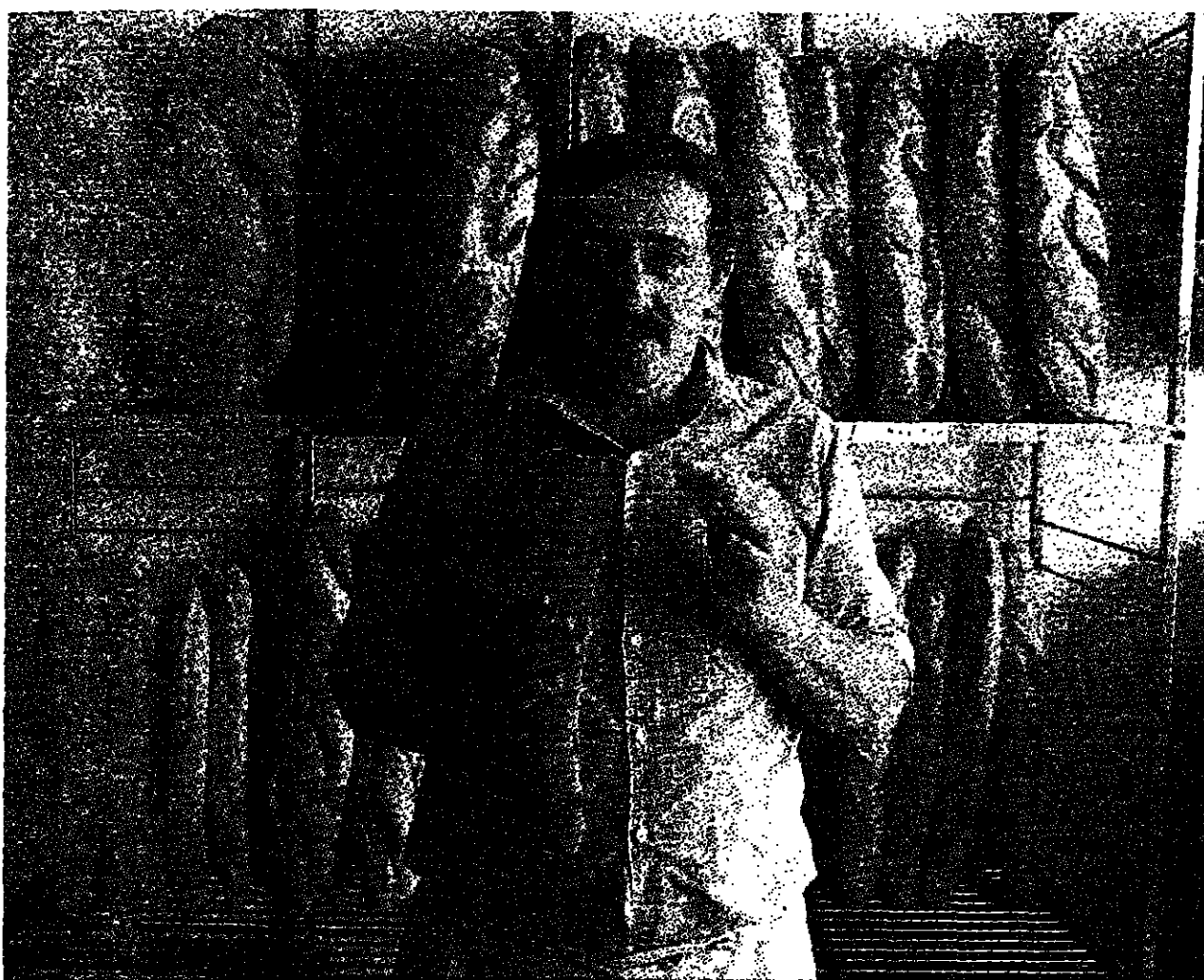
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FOOD AND DRINK



Flour power: the taste and smell of real bread

How to use your loaf

NOVEMBER heralds the start of the season when cooks are happy to barricade themselves in the warmth of the kitchen for most of the time. Outdoors we head instinctively for the fire, baking potatoes in the embers of a bonfire while fireworks blaze overhead, or being drawn to the street corner glow of the chestnut vendor's brazier.

Appetites sharpen as the temperature drops. Root vegetables take over from flimsy salads. The rich tastes of oxtail and game seem highly desirable. Roasts, braises, and stews return to the menu. Most basic, most staid of all perhaps, is good bread, the freshly baked smell of which is such a potent symbol of comfort.

One of the big breakthroughs in breadmaking in recent years has been the introduction of fermipan or easy-blend yeast which, unlike traditional dried yeast, does not need to be reconstituted in liquid before use. You simply mix it directly with the flour. I always use the Harvest Gold version (Safeway's stocks it) as, unlike other brands, it does not include so-called bread improvers, additives which are unnecessary to a good, honest loaf.

TOMATO BREAD

WITH FENNEL

One of my favourites, this richly savoury dough makes

excellent rolls as well as loaves.

$\frac{1}{2}$ lb granary flour; $\frac{1}{2}$ lb unbleached white bread flour, preferably stone ground; 1 sachet Harvest Gold easy-blend yeast; 2 teaspoons salt and a good grinding of black pepper; $\frac{1}{2}$ lb sun-dried tomatoes in oil; 1 teaspoon tomato paste; 1 teaspoon fennel seed, lightly bruised; $\frac{1}{2}$ pt water ($\frac{1}{2}$ pt boiling and $\frac{1}{2}$ pt cold water).

Chop the tomatoes into small pieces, put them into a sieve and leave for 5-10 minutes to drain off the oil. Mix the flours, yeast, and pepper. Reserving the tomato pieces, mix their oil with the tomato paste, bruised fennel and warm water. Add the liquids to the dry ingredients and mix and knead to an elastic dough. Place in a large oiled polythene bag and leave to rise until doubled in size.

Knock back the risen dough and work the tomato pieces into it, adding extra flour if the mixture is too sticky. Divide between two lightly greased 1lb loaf tins, cover and prove for about 45 minutes. Then bake at 425°F (220°C) gas mark 7 for 35-40 minutes.

MULTI-SEED BREAD

Many breads are topped with a scattering of sesame seeds, which tend to fall off when the loaf is cut. This one is packed with seeds - inside, so they will not get lost. Dense, chewy

and nutritious, this is bread to eat on its own, spread with marmalade or serve with cheese.

$\frac{1}{2}$ lb wholemeal flour; $\frac{1}{2}$ lb granary flour; 1 teaspoon each salt and soft brown sugar; 1 sachet Harvest Gold easy-blend yeast; 1 oz pinhead (coarse) oatmeal; 1 oz sesame seeds; 1 oz sunflower seeds; 1 oz pumpkin seeds; 1½ tablespoons sesame, nut, olive or sunflower oil; $\frac{1}{2}$ pt warm water.

You need to know all about dough, says Philippa Davenport, especially on winter days

Mix and knead the flours, yeast, salt, sugar, oil and water to an elastic dough. Place in a large lightly oiled polythene bag and leave to rise until doubled in size.

Toast the oats and seeds to heighten their nuttiness, shaking them in a dry frying pan over low heat for several minutes until aromatic. Cool them.

Knock back the risen dough and work in the toasted seasonings. Put it into a lightly greased loaf tin, cover and prove for about 45 minutes.

Slash the top of the loaf along its full length, sprinkle with a few extra seeds if you like, and bake at 425°F (220°C) gas mark 7 for about 40 minutes.

BROA DE MILHO

Given the current foodie fashion for polenta, maize bread could be next. It certainly goes well with soups, fish soups in particular, and it makes a fine base for stuffing a chicken.

But, be warned, Portuguese maize bread is substantial stuff. Traditionally two parts of cornmeal are used for every one part of wheat flour. I reckon equal weights of maize and wheat will be a better bet. Edite Vieira says in *The Taste of Portugal* that the boiling water method is an essen-

tial part of maize breadmaking. 6 oz cornmeal (coarse maize flour); 6 oz unbleached white bread flour, preferably stone ground; 1 slightly heaped teaspoon of salt; $\frac{1}{2}$ teaspoon sugar; 1 sachet Harvest Gold easy-blend yeast; 9 fl oz boiling water.

Put the cornmeal into a large bowl. Pour on the boiling water and stir vigorously for a minute or two, then leave for 7-8 minutes. Meanwhile, mix together the remaining ingredients.

Add the dry ingredients to the cornmeal and mix and knead well, adding a splash of tepid water if very dry or more flour if wet. When smooth, cover the dough with lightly oiled polythene and put to rise in the usual way - but do not expect it to double in size. Knock back, knead again briefly, shape the dough into a ball and roll it in wheat flour. Put it on a baking tray, cover and prove for about 40 minutes. Bake at 425°F (220°C) gas mark 7 for 35 minutes or so, during which time appetising golden cracks will appear in the whitish crust.

IRISH SODA BREAD

If you want to put home-made bread on the menu but there is no time for rising and proving, this is the one to choose. The only pity is that soda bread is a poor keeper: eat it within a few hours of baking or freeze for later use.

$\frac{1}{2}$ lb wholemeal flour; $\frac{1}{2}$ lb plain white flour (household flour not bread flour); 1 very gently rounded teaspoon bicarbonate of soda; 1 very gently rounded teaspoon salt; 1½ oz butter; $\frac{1}{2}$ pt buttermilk.

Heat the oven to 425°F (220°C) gas mark 7. Mix the flours, soda and salt. Melt the butter and stir in the buttermilk away from the heat. Mix the liquids into the dry ingredients and knead lightly.

Divide the dough in two, shape into balls and flatten into 4½-5 inch rounds on a floured baking sheet, spacing them well apart. Score each one right across the top with an X and bake straight away. After 10 minutes reduce the temperature to 400°F (200°C) gas mark 6 and bake for 15-20 minutes more.

Still in the dark ages

AUSTRIA might boast a wide range of new-wave wines but it remains in the dark ages with beer. On my last visit to Vienna, I found the same big six in most pubs and coffee houses, with Zipfer from Upper Austria and the Styrian Gbesser outdistancing their rivals. The bottled beers from this pair find their ways into every restaurant and hotel mini-bar.

Austrians drink a surprising amount of beer - 122 litres a head compared with 140 in western Germany - but perhaps because their wine culture is so well-developed, the situation is to some degree reminiscent of Britain before the advent of the Campaign for Real Ale (Caura). In the main, quality beers are simply not taken seriously. Recently, however, one or two micro-breweries have opened up in Vienna and the major cities, of which the Fischerbräu in Vienna's 19th Bezirk (district) is possibly the best known.

Sepp Fischer is a former computer salesman who developed his passion for beer in Britain. Ten years ago, he started selling a variety of good beers from a bar in Vienna's 1st Bezirk. For the past six years, his main interest has been the Fischerbräuerei, a building in one of Vienna's smarter and leafier suburbs on the way to the western hills more famous for their Heurigen taverns, where the offering is fresh young wine made from grapes grown within the city itself.

The brewery now produces 750 hectolitres annually, which is made entirely on the premises. The standard beer is an unfiltered, unpasteurised pilsner which contains 4 per cent alcohol by volume. In the spring and autumn, the Fischerbräuerei brews a couple of stronger Bock beers. But much of the brewery's

popularity can be attributed to its shady beer garden and jazz sessions on Sunday afternoons. Although the Viennese have seen and heard a lot of Mozart this bicentennial year, Salzburg's greatest son has been kept off the menu at the Fischerbräuerei, where jazz is the background music.

While Austrian beer is made from pure barley, Berlin beers traditionally contain a far higher proportion of wheat. The city's most famous is the Weisse, made from malted pale barley mixed with wheat.

The Weisse used to be something of a cottage industry for Berliners, and many brew-pubs made their own in pre-war days. As the beer is rather acidic, it is generally mixed with a sweetener such as raspberry syrup or even a curious, sweet green liquid which has the virtue of being marginally less sickly. Drunk in this way, a glass of Weisse makes a refreshing summer tipple.

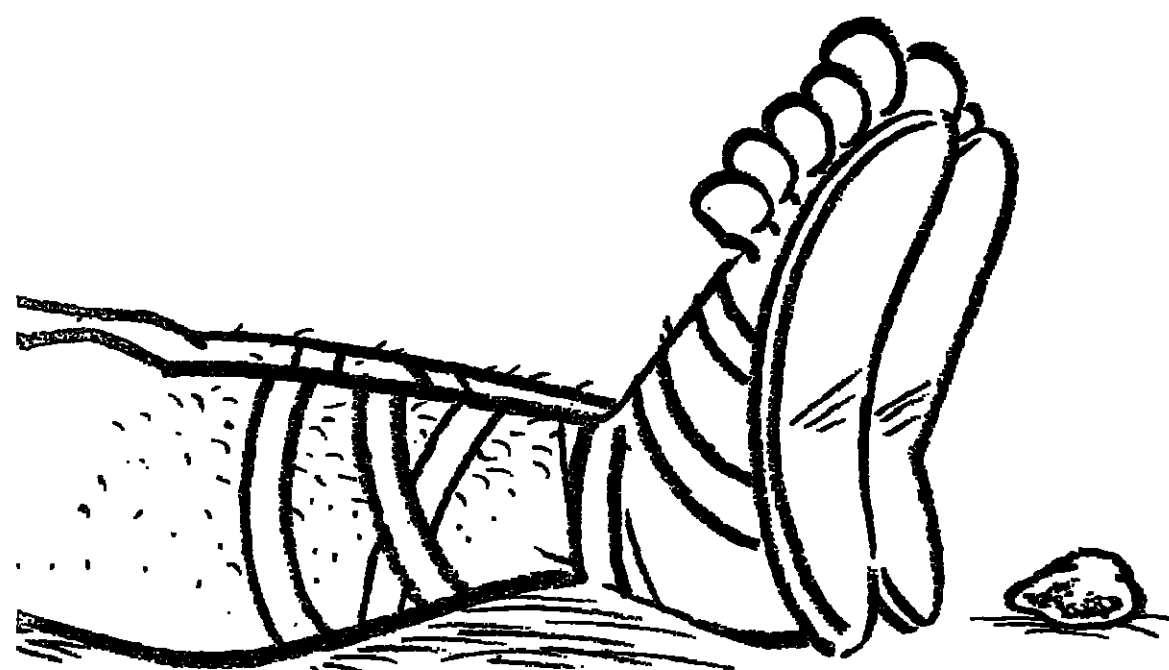
Not many people would want more than a glass of Weisse; Berliners intending to quaff beer all evening (and most would) are more likely to drink something else. Bottom-fermented, Bavarian-style beers were introduced to Berlin from the 1940s, and even now it is the Bavarians who have made the most progress in opening up markets in the former DDR.

Schultheiss's best bottled beer is called Aecht Patzenhofer, a strong (5 per cent by volume) bottom-fermented pilsner made from 100 per cent barley.

Without doubt, it is a better bet for those not keen on getting to grips with some of the more bizarre beer-drinking habits of the Berliners.

Information: Fischer Bräuerei, Wien 19, Billrothstrasse 17.

Giles MacDonogh



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FOOD & WINE

How to find odd characters

Jancis Robinson on why independent wine dealers have particular merits

YOU MIGHT think, to read many wine writers, that the small independent wine merchant is dead. Instead of celebrating this heroic, struggling, but definitely extant, species we tend to specify stockists such as Tesco, Oddbins or Thresher because, by doing so, we can pass information useful to thousands of readers at a time.

Since pressure on editorial space is inversely proportional to gnomonic confidence, our cruel neglect of the independents may have intensified. One short word is often sufficient reference to a chain, whereas the name and address of Grogglebucket & Chunderton can eat into a writer's precious adjectives horribly.

However, a good independent wine merchant is immeasurably useful. He, and increasingly she, is a wine fanatic prepared to talk and, more importantly, to listen. Many will take back bottles that did not appeal - or were surplus to - that party's requirements. While they cannot match the chains' buying power at the bottom end of the price range, they can often offer a better overall deal further up. They are the only places to look for some of the world's more obscure and characterful wines. (The best way to identify the superior independents? Consult the Consumers' Association's *Which?* Wine Guide. The 1991 edition (Hodder, £10.95) was excellent but will apparently have to tide us over until this time next year.)

Here are three examples of exceptionally good wines that are exclusive to one good independent merchant, for a variety of reasons. Ten years ago Madeleine Trehearne (Madeleine Trehearne Partners, 20 New End Square, London NW3, Tel: 071-435 8210... see what I mean?) found her way up the path of Joblot, the unpromisingly named but

now-celebrated star of Givry.

She is a part-time wine merchant, like many enthusiasts, who irritate the core of the wine trade but whose minimal overheads are extremely user-friendly. In her academic life she had a colleague at the University of Dijon whose mind, schooled in the history of ideas, was ideally shaped for grappling with the complexities of family relationships in Burgundy.

He recommended a tasting visit *chez* Joblot, warning her that the domain was not "commercial". She somehow managed to triumph over the Joblots' previous experience with Albion (which had culminated in a debt collecting mission from Givry to Winchester) and has been selling some of the best Givry in Britain from her Hampstead home for so long that she has finally been granted a little credit.

The unusual white, Givry Premier Cru, Domaine de la Servoise 1989 (£7.85 including NWS delivery of at least 12 bottles), is gorgeously creamy and ripe and by no means dominated by the new oak barrels it conditions for Monsieur Joblot's equally superior reds.

Bill Baker is Reid Wines (The Mill, Marsh Lane, Hallatrow, Bristol, tel 0761-52645). Baker likes to eat, he, and his gastronomic wife, set off to holiday in Spain. So unimpressed were they by *merluza* and *tortilla* that they hot-tailed it over the Pyrenees to more familiar (and very much more expensive) pastures: the famous Près surrounding Michel Guérard's three-star palace of pleasure at Eugénie-les-Bains.

Some justification for this was provided by Monsieur Baker's discovery of Michel Guérard's glamorous new winery and the wine Chateau de Bachon 1989, now available from Reid Wines at £5.95, plus VAT (£5.99).

The international star of the

Landes is now attempting to shine light on his local wine, Tursan. A mere VDQS so far, this scented, dry, unoaked white version is made up of defiantly unfashionable local grape varieties: half Baroque, one quarter Mansengs with just an eighth each Sauvignon Blanc and Semillon.

As befits a Guérard product, the packaging is almost distractingly beautiful but the wine inside, made solidly for the table, is worthy of it. Characteristically, for a good independent, Bill Baker will assure you that it is better than Baron de Bachon, the more expensive casked version, which he also sells. The wines are also set to appear, at £7.40 and £12-plus, on the new list of Corney & Barrow, London EC1.

Wholesale importer Richards Wolford (Plethworth 0790-410-243) has daringly added a Rioja to its portfolio of fine French wines - not because Roy Richards had the reverse holiday experience to Baker but because a new, small bodega was brought to his attention by some knowledgeable wine writers.

Charles Metcalfe and Kathryn McWhirter, who have written two much-needed guides to today's Iberian wines (published respectively by Salamander and Sainsbury's), put Richards in touch with Rioja Alta growers-turned-winemakers Amezola.

The result is the admirably structured Rioja Amezola Crianza 1987, now available at about £8.75 through a network of small independent retailers: Bassett Fine Wine of Edinburgh, 031-332-5168; Richard Harvey, of Dorset, 092-945-224; Andrew Mead, of Presteigne, Wales, 05476-268; and Burlington Wines in Ipswich, 0473-250542.

Thus, it is proved, that not all wine writers short-change those who labour for love in the wine trade.



Bill Baker: an independent thinker on wine

An instant coffee fix

Nicholas Lander meets a man who keeps the caffeine flowing

IF AN army marches on its stomach what sustains a restaurant brigade? The answer is different depending which side of the swing door you are on. Kitchen porters tend to prefer large quantities of tea; front of house and management are more likely to prefer a cappuccino or an espresso - a valuable shot of caffeine before the service starts or ends in the early morning.

No self-respecting restaurant can open nowadays without a good espresso machine - and they do not come cheap. The latest semi-automatic machine capable of making four cups at once costs £2,500.

These machines need servicing and, when they do break down, mean not only a loss of revenue but also staff unhappiness. In situations like this the call goes out to the sandwich bars, restaurants and clubs of London - send for Vittorio Necchi.

Necchi is a third generation Londoner (his mother was Scottish/Italian, his father English/Italian) but his family history reads like a history of the Italian coffee bar in London.

During the 1940s his mother ran three sandwich bars in the West End which subsidised his father's small factory at Seven Dials which made and repaired coffee machines. Coffee was almost in the blood.

Although trained as a car mechanic Necchi set off for Turin in 1954 where he spent a month learning how to maintain, to take to pieces and to rebuild the espresso machines that were just about to invade the London scene.

He returned with a van load of spare parts and manuals and installed his first espresso machine at a place in Kensington High Street. For the past 36 years he has installed all the different makes - Universal, Aurora, Cimbale, Zenith and, most of all, Gaggia which remains his favourite - in virtually every London postal district.

Necchi has an impressive list of clients from West End restaurants such as Alastair Little and L'Escargot to the exclusive Harry's Bar, Mark's Club and Annabels.

He still looks after some of the machines which his father installed in London's many Italian sandwich bars. The oldest

machine still in active service is one installed by his father in 1950 at the youth club in St Peter's Church, Clerkenwell.

Until five years ago Necchi arrived on his trusty motorcycle to answer breakdown calls. This has had to give way to a more prosaic van, a clammers' delight in his opinion, as the number of spare parts he is forced to carry has increased. A modern espresso machine, semi-electronic, now has only three moving parts but more than 400 parts in total.

To maintain his business, sadly not for domestic coffee making machines, a telephone answering service takes emergency calls seven days a week, 24 hours a day (071-486-4308).

Necchi and his two colleagues have a small factory in Holland Park where their most pleasurable task is to rebuild espresso machines from the 1950s but he is usually on the road - except, of course, over the lunch hour.

Then, his customers are busy serving espressos or cappuccinos, and Necchi pursues his favourite pastime, apart from talking about coffee or his family, at the National Karate Club in King's Cross.

Appetisers

THE SEARCH for drinkable non-alcoholic Upples goes on... Epples' Mandarin Blush, dolled up in imitation champagne packaging, tastes like boiled sweets with fizz. Peach Blush is strangely engaging. £1.49 per bottle.

Recommended without hesitation are the products of The Natural Dorset Apple Juice Company - a mouthful of a name but unadulterated pleasure to drink.

The range includes a few blends - Traditional contains Crawley Beauties, Tom Putt and other old-fashioned back-garden varieties - but most are single varietal apple juices: Kidd's Orange, Winston, Egremont Russet, Spartan, Suncris and so on, each with its own character.

The diversity and the variations obtained in different years, is a revelation. Fiesta is delectable: I can see why it has proved such a prize-winner.

Newly pressed Discovery, with its hint of strawberry, is lovely, but a 1989 Discovery, served well chilled in a large glass to show off its glorious aroma, is most seductive of all. Prices range from £1.45 to £2.65 per bottle, and from £20 to £22.50 per case delivered to your door.

The company is looking for sources of more apples, particularly old-fashioned varieties. If you can supply them, and/or mail order details, stockists etc. Tel: James Best on 0308-882226.

□ □ □

The prospect of M-way meals is beginning to look a little less bleak as Forte introduces Cranks' wholefoods on to the menus of their Welcome Break Granary Restaurants. Their



choice however of five sorts of cake and just three savoury dishes seems a bit unbalanced. Sweet tastes, after all, can be catered for in the easiest, healthiest and most delicious way by offering a good selection of apples, pears and other fresh fruits. The need is for quality savoury items, such as Cranks' famous breads, generously filled rolls and substantial soups.

□ □ □

If caterer's canapes are not to your taste and there is no time to make Parmesan straws or devilish almonds, try partnering pre-dinner drinks with small rounds of crusty bread, toasted and spread with black olive pâté (very finely chopped olives in virgin olive oil) by Chalice Foods. A good quality store cupboard standby, the pâté sells for about £1.45 per jar at Waitrose and delicatessens.

Philippa Davenport



Vittorio Necchi: king of the cappuccino machines

TO VISIT Tokyo motor show is to know how Aladdin must have felt when he entered the magic cave. It is a treasure trove of genuine novelties. Concept cars and new models have been making like a world their debut in the air-conditioned halls of the Nakurari exhibition complex.

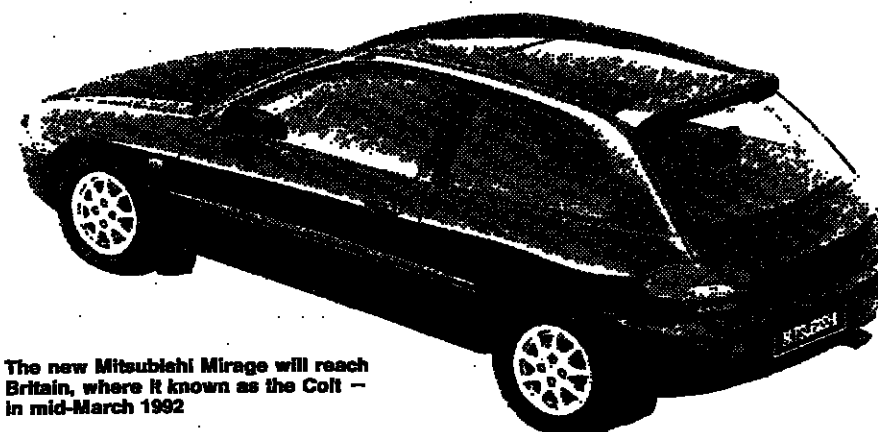
The world's car makers, whose top brass have flown in by the plane-load, take Tokyo show very seriously indeed. They have need to. Not only is Japan's motor industry unmatched for sheer innovation. It also has the uncomfortable habit of turning concept cars into production models in a trice.

The products of European and North American car makers are there in greater numbers than ever before. Status conscious Japanese like to be seen driving imported cars, especially those with left-hand drive because they cannot be confused with the domestic product. (The Japanese, like the British, drive on the left).

Large, dark coloured Mercedes-Benz and BMW saloons are especially favoured by the rich and influential. Two European cars even made their world debut at Tokyo. One was the first production model Jaguar 220, a beautiful, 6-cylinder, twin turbo-charged collector's piece of high performance and apparently zero real-world utility.

Although this Fabergé egg among cars had been seen as a prototype at Birmingham three years ago, it attracted nearly as much attention from Japanese show visitors as the astonishing Audi A8.

Audi had shown a startling though far from spectacular 2.8 litre V6 engine light-weight quattro sports car concept at Frankfurt in September. But it held back the A8 for Tokyo. This has a mid-mounted 12-cylinder engine consisting of three blocks of four cylinders, each having five valves apiece, or 60 in all. (Mazda, it must be said, showed a similar N-shaped 12-cylinder engine at Tokyo two years ago).



The new Mitsubishi Mirage will reach Britain, where it known as the Colt - in mid-March 1992

Aladdin's car cave

with 509 horsepower and weighing only 1250 kg, the four-wheel driven and four-wheel steered all-aluminium A8 is said to leap from a standstill to 100 kmh (62 mph) in three seconds and to reach 210 mph (<338 kmh> by build 11? To demonstrate its expertise in lightweight construction, Audi explains. Though it will never go into production, some of its proteges may appear in showroom cars.

More to the point, perhaps, were a host of new Japanese models which will be coming to Europe early in 1992. They included Mitsubishi Mirages (called Colts in Britain) and Lancers, with engines including a tiny 1.6 litre, 24-valve V6, and a sportier looking successor to the Honda Prelude.

Mazda's 626 replacement, which arrives in Britain early in the New Year, will be followed by a new rotary engine RX-7 sports coupe, lighter than the current one and twin turbo-charged for more power.

Among the dotted concepts was an Isuzu with a fifth wheel lurking under the rear bumper. At the touch of a button this raised the back wheels off the

ground and powered the car's tail sideways. A lazy parker's dream? Well, yes, but Toyota deployed technology of a much higher order in its 3-litre, V6 lean-engine HVS concept car. This has sensors linked to the steering.

Its electronic gadgetry also alerts drivers if they drift off course on a motorway, perhaps because they are sleepy. Even more important, it uses radar to tell them if they are too close for safety to the vehicle in front. If they do not heed the warning, it applies the brakes.

There are still a few bugs to iron out. But once perfected and there can be little doubt that it will be - this highway warning system would revolutionise rush-hour driving on overcrowded motorways like our M25.

Although people simply breaking the speed limit are the conventional villains of the motorway piece, multiple stunts are caused by tail-gaters or people driving beyond their range of vision. Toyota's system could save them and their innocent victim - from the consequences of their folly.

But forget the AXY-3's gadgetry for the moment. It is a thoroughly driveable executive-type car, as I discovered on Toyota's Higashi-Fuji proving ground last Sunday, lashed with torrential rain as Typhoon Ruth edged near to Japan.

It handled nimbly and rode with firm stability, accelerating strongly without wheelspin through pools of water. Really, it felt more like a production-ready model than an attention-getting concept car.

When Toyota's British plant at Burnaston, Derbyshire, goes on stream in February 1993, the cars rolling off the line will be successors to the current Carina range. I would not be surprised if they looked rather like the AXY-3.

Other new Toyotas I tried at Higashi-Fuji were a Soarer 2.5 litre, 6-cylinder, twin-turbo-charged sporting coupe; a similarly powered Aristo luxury executive saloon; and a V6, 3-litre Windom. None of these cars will be sold outside Japan or the US, for which Europe's quality car makers must be duly grateful.

Stuart Marshall

As they say in Europe/James Morgan
Existentialist rugby

IN THAT STRANGE symbiosis that exists in cross-Channel relations, the British become the inevitable Aunt Sally of French resentment. But there is no virtue in lumpen stupidity that disfigures British press comment on our nearest neighbours.

Last week in these pages Dominic Lawson lamented the chauvinism of British World Cup reporting. French World Cup reporting also reflects wider attitudes which accounts for the fact that the Cup has become a story about England.

It happens in a totally familiar manner with other stories: too last week in *France-Soir* Claude Vincent used his column to attack the bumbling European community - in this case its ban on the use of unpasteurised milk in canisters.

He wrote, "I suggest that the old women who govern us or who worry about European affairs in Brussels, supply, with all the necessary energy, a few observations on the practices of our partners. Let's start with the British. We close our eyes to some of the horrors such as roast lamb with mint and *les tartines de haricots* (baked beans on toast). But this habit of drinking tea every five minutes is ridiculous and, moreover, unfavourable for the Community's balance of payments since tea is not harvested on the sweet hills of Devon."

On the same day in *Le Monde* one could read, "Rugby is another way of taking tea." This apparently well known saying kicked off Philippe Broussard's account of the Scotland-England game last Saturday. He noted that its author was unknown, but "Doubtless he was English. For the English are so made that

they delight in magnifying the superb ambiguity of this game, forever torn between the manners of the gentleman and the yob."

So there is a good naturedness about French attitudes that extends even to rugby. After the nasty game between France and England two weeks ago, Broussard noted that the French were puzzled over certain decisions of the New Zealand referee. "And if they were mystified, on that day of disillusion, it was less by a referee with a surprising whistle than

"I really had a very sweet sensation in the first scrum," said Leonard

by the English tacticians, incomparable strategists of the shove and crash ball."

At *Liberation* Christian Jaurena is the Truffaut of French rugby writers. He pays some attention to chronology but uses it to illuminate the state of mind of leading figures at crucial points in the game. "I really had a very sweet sensation in the first scrum," the prop-forward Jason Leonard was quoted as saying as he reflected on the way the Scots had collapsed it.

The French do not share the Antipodean hostility to the style of English rugby. Their writers are worldly wise, knowing that a team has to play to its strength whether it be the fluid passing movement through the backs or a well-concocted blow in the scrum.

Jaurena admired the manner in which the English had resisted the Scots' *furia*. "Since the quarter final at the Parc de Princes we have known that when the English

team adopts a tactic it does not do it by half... There had to be a great mastery of a collective technique to resist the driving assaults of the Blues: the English possessed it."

In *France-Soir* Gerard Baudouin put it this way. "In a place like Edinburgh, which they regard as damned, the English were not going to tempt fate. So they relied totally on their forwards and the boot of their fly half."

He dealt briefly with Ian McGeechan's allegation that the English had "strangled" the game: "To be in the final is not bad; but to see a bit of ball would not be bad either."

The sporting daily *L'Equipe* devoted two pages to the match. "Rolled in Porridge" was the headline over the feature on the Scots' view; "The infernal machine" the headline on the special report on the English pack.

This illustrates the astonishing specialisation of French rugby writing. Indeed it is like French rugby itself. Sometimes a cliché will be wrenched from a loose sentence and sent whizzing through a line of purple prose, only to finish several yards back in a ghastly mess of broken syntax. But more often it is vivid, exciting and inventive. Take Denis Lalanne in

L'Equipe: "Suddenly 'Sweet Chariot' rose to the lips among the ranks. With the inflexibility of a perfect clergyman, Jonathan Webb equalled the score at 8-8 as if he had given the last rites to enemy's bravura." Webb, incidentally, is a surgeon.

■ ■ ■

French rugby reporters, those men of "the non and realism" as they would probably put it, are heroes of mine. For them the game is life itself. I recall a radio commentator so carried away with an extended metaphor that he overlooked the scoring of a try. Their work is profoundly informed by a sense of that untranslatable French notion - *le fair-play*.

And in the mass of words, there is always the memorable statement where one of the protagonists shows the implacable accuracy of a Jean-Pierre Lescarboura dropping a goal from three yards behind his scrum, 30 yards out. As Philippe Broussard put it after the bruising encounter of two weeks ago, "The Anglo-French affair was settled between fat men."

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BOOKS

The serial killer strikes again

John Williams follows the trail of the Ripley murders and finds a sinister sympathy

RIPLEY UNDER WATER is the fifth novel by Patricia Highsmith to feature Tom Ripley, the most deliberately sympathetic multiple murderer in contemporary fiction. He first appeared, nearly 40 years ago, in *The Talented Mr Ripley*, at the start of which he is an orphaned, diffident New Yorker who feels that life is passing him by. By the end of the novel he has relocated to Europe; he is confident, affluent and has a newly acquired interest in painting. This happy transformation, however, has involved two murders, numerous forgeries, and innumerable lies. The reader, meanwhile, has been gently lulled into complicity with an emergent psychopath.

Ripley then disappeared for nearly 20 years before Highsmith revived him in 1970's *Ripley Under Ground*. By this time he had insinuated himself into the French bourgeoisie and become eminently respectable, give or take his involvement in a major art fraud. Both commercially and artistically *Ripley Under Ground* was a surprisingly successful follow-up; Ripley had lost none of his amorality and effectiveness and he was soon back for a third appearance in the excellent *Ripley's Game*. This time, however, his charm had edged uncomfortably close to the downright evil: an imagined slight leads Ripley to deliberately destroy a man's life and to embroil an innocent picture framer in a series of Mafia-related murders.

Ripley's Game remains the high point of the series; the two later novels, *The Boy Who Followed Ripley* and this latest instalment, *Ripley Under Water*, are sadly little more than footnotes to what should perhaps have remained an impressive trilogy. *The Boy Who Followed Ripley* intriguingly plays up Ripley's sexual ambivalence, but suffers from incoherent plotting – as does the new book, which instead of the high point of the series, seems more a product of publishing expedience than anything else. Yet despite these latter failures, the series as a whole remains a very distinct achievement: Highsmith and her co-writer, George Dixon, are credited in importance for a sense of just how provisional our morality is, how fragile it might be if truly tested or tempted.

A particularly disturbing aspect of the Ripley novels is the sense that the characters who gain not just the reader's but also the writer's

sympathy. Ripley's development has distinct parallels with his creator's. A New Yorker, Highsmith began the Ripley series in her early 30s, having already written two successful thrillers, *Strangers On A Train* and *The Battered*.

RIPLEY UNDER WATER by Patricia Highsmith
Bloomsbury £15.99, 247 pages

ing rich kid named Dickie Greenleaf to return home to his family. Greenleaf has an easy, moneyed bohemian lifestyle with which Ripley falls desperately in love. To the point of resolving to make it his own. And just as Highsmith decided to remain in Europe (currently living in Switzerland), so too did Tom Ripley; but while Highsmith supplied herself with writing, Ripley's talents proved to lie in less legitimate fields.

Ripley's potency as a character is not simply due to his status as an anti-hero. Anti-heroes are, after all, the stock in trade of our time: for every straight-arrow, George Dixon copper on the TV screen there are a dozen Arthur Daley-style dodgy geezers. But Ripley is not among this crew; he does not inhabit a colourful criminal milieu and he is not content with a life of petty criminal antics. Instead he lives in a beautiful house in France with his glamorous, if somewhat distant wife Heloise. To pass the time he attempts to paint or play the piano and, like his lifestyle, he is prepared to kill.

Highsmith never glosses over Ripley's murders: the people he kills are generally innocent victims, and their deaths are not easily effected. One of Highsmith's great strengths is to make just how difficult and messy it is to kill a fellow human being, especially if, like

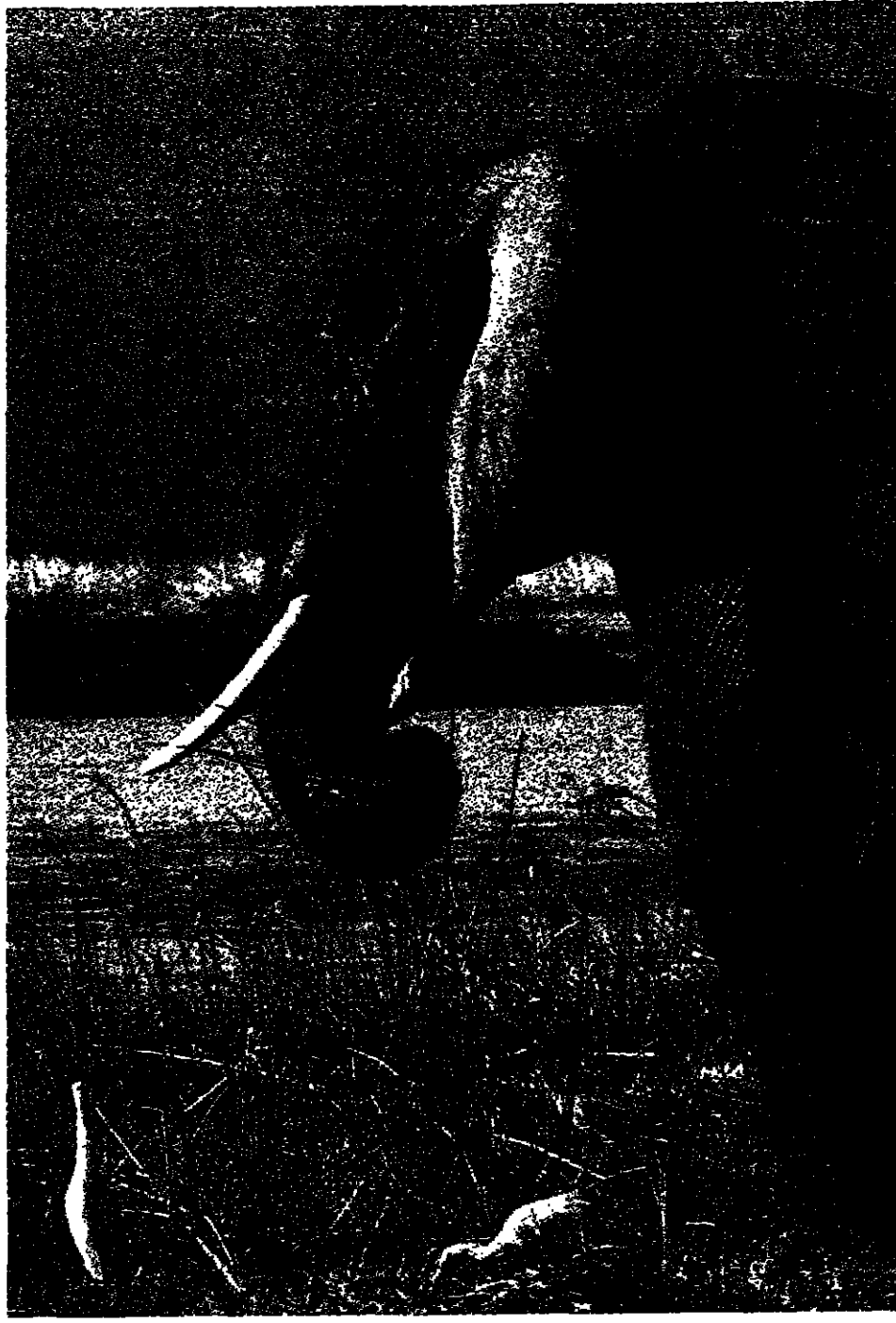
Ripley, your weaponry tends to be somewhat ad hoc – an ear maybe, or a wine bottle. Yet, as the horror builds, Highsmith employs the cracked but implacable logic of a bad dream to keep the reader empathising with, rather than condemning, her protagonist.

This is Highsmith's particular and perverse achievement: to make the reader identify with Ripley the fledgling criminal as if he were Ripley the nascent artist or cub reporter. We are invited to sympathise with the tasteful, cultured but sadly underfunded Ripley's battle to live an elegant life. As often as not Ripley's battles – for instance, with the pedantic art collector Murchison in *Ripley Under Ground* – are battles of style against vulgarity. It is surely not coincidence that the people Ripley is driven to kill are almost invariably Americans; never a drop of refined French blood is spilled.

With succeeding novels, however, the essential inhumanity and corruption of this view of the world bears down more heavily on the reader. By the end of *Ripley's Game* the charm is deliberately seen to be wearing thin, and with his revival in *Ripley Under Water* it is hard to see the man as much more than a murderous snob (a transformation which may yet reflect the somewhat misanthropic outlook of his creator, a woman who recently confided that, given the choice between feeding a starving baby and a starving kitten, she would tend to go for the kitten). Finally it has become clear that Ripley is truly devilish; the personification of our own worst selves, obedient to all society's most trivial rules yet contemptuous of its most fundamental laws.

At best, then, the Ripley novels, while functioning admirably as entertaining and original black comedies, lure the reader into stark confrontation with several disturbing issues. As the books seduce us into sympathising with the murderous Mr Ripley, as we revel in the company of a man without responsibility, so we are forced to recognise just how fragile our moral universe is, and to wonder whether there might not be situations in which we too would be prepared to kill. Particularly if, like Ripley, we could get away with it.

The first three Ripley novels are available together in a new three-volume edition entitled *The Mysterious Mr Ripley and published by Penguin at £6.99.*



A bull elephant at the edge of the Zambezi river – from *Elephants: Saving the Gentle Giants*, edited by Ronald Orenstein with an introduction by Richard Leakey and photographs by Brian Beck (Bloomsbury £18.99, 160 pages). The argument of this book is that it has been shown that poaching can be stopped – but the battle to save the elephant is far from over.

Too late to turn back the clock

AFRICAN SILENCES

by Peter Matthiessen

Harvill £15, 225 pages

GAME WARS

by Marc Reisner

Secker & Warburg £16.99, 294 pages

GEORGE ADAMSON: LORD OF THE LIONS

by Sandy Gall

Grafton £16.99, 238 pages

THE SKILLED naturalist writer is almost as rare as the Congo peacock or the pygmy elephant – both subjects of the quest Peter Matthiessen conducts in *African Silences*.

"Skilled" is almost an insulting understatement for Matthiessen's sharply captivating prose, as he mordantly digs away at the countries of west and central Africa, exposing their physical and moral corruptions in a manner somewhere between Orwell and V.S. Naipaul.

No mere catalogue of jungle sights and sounds, *African Silences* is a melancholic revelation of how much havoc has been wrecked by the decades of plunder in Zaïre, Senegal, the Central African Republic and elsewhere.

The greedy trappings of humanity across areas the size of Europe have almost put an end to the magnificence of a continental wilderness. In the course of two lengthy trips (in 1976 and 1986) in the company of locally resident naturalists, Matthiessen discovers that vast tracts of forest and savannah have become silenced. Where teeming animal abundance existed, ghosts scrape out an existence.

Whole species have been wiped out and the fragile balance of nature has been lost. The extinction of the elephant, to the point where probably less than 500,000 remain freely outside game reserves, means that not only its own future is jeopardised but also that of other creatures, such as apes, who live in close symbiotic harmony with the pachyderm.

Matthiessen fails to find the Congo peacock, though he may have found the last living man known to have eaten the bird. Nor does he locate the pygmy elephant, reported sightings of which he attributes to mistaken identity – juvenile forest elephants are likely to have been confused with the mythic pygmy elephant. But who can blame him? As he leaves, all that is left of elephantdom outside the dubious game reserves and cages "are not stable family groups with matriarchal leaders but makeshift, neurotic bands of scared young animals that will not reproduce in an efficient way for years to come". The ivory

poachers are merciless. An elegiac tone suffuses the book; it is too late to turn back the clock.

Game Wars really has two authors, Marc Reisner, the writer, and his close associate, Dave Hall, a Louisiana game warden who, in his passionate defence of the law, runs into more trouble than a Wild West sheriff. Hall's undercover investigations (into poachers of Alaskan walrus ivory or redneck alligator hunters in Louisiana) make gripping reading, thanks to Reisner's verve and commitment to portraying accurately the consequences of sickening massacres of wildlife. It is not necessary to be an animal rights activist to be appalled by the story. Who today recalls that in the 19th century canned pigeon was as staple a food for North Americans as canned tuna is today? Until, that is, the passenger pigeon was shot out of existence, extinct by 1933.

Sandy Gall's lavishly illustrated story of the Adamsons, Joy, of *Born Free* fame, and her husband George, murdered in 1989 on their game reserve in Kenya, is well-timed for the Christmas stocking market. Not that children will be charmed by the revelation of the cantankerousness of non-loving Joy. The book covers well-marked ground but the photography is excellent.

Gary Mead

Garret jumps the gun

IT'S A funny old world, as Garret Fitzgerald might say, but I doubt if she would think that much of this book is particularly funny, or indeed very diplomatic.

Dr Garret Fitzgerald's autobiography, covering his period in Irish politics as front bench, Foreign Minister and Prime Minister, is an engaging, informative and extremely entertaining read, but it is also something of a high-class diplomatic kiss-and-tell story.

When the end came, in October 1974, she had already given of her creative best, and that is to be found in *Transformations* (1971), a collection of loosely-written poems based on extracts from Grimm's fairy tales, which succeeds through its combination of sharp psychological insight and (unusual for Sexton) self-deprecating humour. Her later books were not well received in the UK because she was regarded as a poor woman's Sylvia Plath and, equally important, because there was no women's movement to proclaim her, as it had done in America, the pioneering scout at a new cultural frontier.

So, would Anne Sexton, in the light of all this evidence, have approved of our knowing what was said in those sessions with her psychoanalyst? That queen of self-display would have relished the idea.

Michael Glover

ments, had prepared a 7,000-word "catechism" setting out some 60 questions which the reporters might ask, and the co-ordinated answers.

"She asks Dermot Nally to think of the most difficult question she might be asked at the press conference, and for Robert Armstrong to do the same thing for me. The two cabinet secretaries took us through the 'catechism' and we gave our answers on the status of Northern Ireland, the courts, what was in the agreement for Unionists and Nationalists, the issue of our governments having responsibility without power, security co-operation, secret agreements, the Ulster Defence Regiment, the judiciary, the Royal Ulster Constabulary, devolution, the use of the word 'conservative' to describe the arrangements, a bill of rights, and so on."

The Fitzgerald version does not say who came top of the government. The mandarins, in the shape of Sir Robert Armstrong and Dermot Nally, respectively secretaries to the London and Dublin govern-

some of the main planks in Irish proposals for action on Ulster. When asked subsequently why she had sounded so dogmatic, and in a bid to repair the resultant sharp deterioration in London-Dublin relations, Mrs Thatcher responded: "When I am asked a direct question, I give a direct answer". No hint of rehearsal there.

ALL IN A LIFE: AN AUTOBIOGRAPHY by Garret Fitzgerald
Macmillan £25 655 pages

Another anecdote: Fitzgerald, then Foreign Minister, travels to visit the Pope in Rome, to try to win agreement for an easing of the Roman Catholic stance on divorce, mixed marriages, the availability and use of contraceptives, et al. The outcome was not encouraging. "The theme was uncompromising. Ireland was a Catholic country – perhaps the only one left. It should stay that way. Laws should not be

The goddess vanishes

C.G. JUNG somewhere asks his reader to imagine a collective human being who is both young and old, both male and female, and whose memory reaches back to the dawn of humanity. This being recollects thousands of lifetimes and has lived through all the transformations of human culture.

In a way, Jung thought that there actually was such a being. It was the accumulated psychic life of all humanity, it was the spiritual world, and it was the Collective Unconscious, to which every one of us has access. So for Jung there is an intimate analogy between the spiritual life of the individual and that of the whole race. And if the psychic life of the individual is a life-long movement from conflict to integration, then by analogy we should be able to discern a similar movement in the religious history of humankind as a whole.

That is why the Jungian school is the last remaining group of writers who still feels that it is possible to write full-scale Grand Narrative histories of religion. Some Baring and Jules Cashford are both of them Jungian analysts, and the very-large-scale story they tell is a kind of blow-up of the individual's life-history. It is, inevitably, a story of Paradise, of a Fall and of the long subsequent history of redemption.

It goes like this: just as for Freudians the god of patriarchal monotheism is a mythicised version of the human father, so the goddess is a mythicised version of the mother, and all of humankind's religious history has been a struggle between these masculine and feminine archetypes. In the beginning (that is, the Palaeolithic) the Great Mother Goddess was all in all, and we lay propped with her. She gave birth to her son-lover in the Bronze Age fertility religions, and their Sacred Marriage was the source of all life.

At this second stage, however, the Mother no longer quite coincided with the world. She was distinguished from her offspring. This made it possible for her to be overthrown, in a patriarchal revolution which Baring and Cashford see as taking place in the late Neolithic and early Iron Ages. The new male values, technical, military and political, almost annihilate the old order. The rise of Babylon to pre-eminence in Mesopotamia is described in terms of the slaying of the she-monster Tiamat by Marduk, sun-god and hero. Yahweh has no consort and does not beget the world; he makes it like a craftsman. In one of the Genesis creation stories, the story of Adam's rib, the masculine revolution is taken to such bizarre lengths

that woman is born out of the body of man and not vice versa.

Thereafter the patriarchal principle consolidates its victory; but there is also a long, slow process of the return of the feminine principle – most notably in the figure of Mary in Roman Catholicism. The future happiness and well-being of humanity will depend very largely upon whether the masculine and feminine principles can be brought into harmony.

So the story that is told in this book is very large-scale and ambitious. People are going to be excited by it, and to pick holes both in the detailed exegesis and in the large-scale plotting. For example, orthodox monotheists are going to point out that the Hebrew Bible is just as hard on Baal as it is on Astarte, and they will insist that God is not to be viewed as a mere personification of masculine sexuality. Spirit transcends biological male and female alike. And in any case, is it really being suggested that patriarchy is only about 3,000 years old?

THE MYTH OF THE GODDESS: EVOLUTION OF AN IMAGE by Anne Baring and Jules Cashford
Viking £25, 779 pages

Baring and Cashford deplore the binary thinking that associates woman with nature and man with spirit, woman with emotion and man with reason. Woman, with enclosure and man with erupting force and so forth. But their own story relies heavily upon the very sexist mythology from which it purports to deliver us. After all, why should woman be thought of as being closer to nature than man, and why is culture so complex, and contains its own reversal of itself. In 19th-century literature, woman is just as likely to be viewed as being more spiritual than man as the reverse.

I suspect, then, that the authors of this book have not taken in the message of deconstruction, and that their argument may be less welcome to feminists than they expect. Nevertheless the Jungian style of thinking, when it is as well Baring and Cashford, remains highly stimulating, and the book cannot fail to arouse controversy.

But what are we to do? The authors know that it is a bit late in the day to revive the public worship of the Great Mother. We are exhorted to have a vision of the unity of all life. That sounds platitudinous without a new religion to give it force, and how can there be such a thing today?

Don Cupitt

After Conrad

When Gavin Young wears of foreign hackery for the *Observer* he went on to produce two elegant and well-received travel books, *Slow Boats to China* and *Slow Boats to India*.

His new, and equally acceptable, offering, *In Search of Conrad* (Hutchinson £17.99), takes his lifelong enthusiasm for the great novelist as an excuse to continue his peregrinations in the East.

His tale slips down very pleasantly, but a word of caution is required. Conrad's journeys as Master or First Mate in the 1870s and '80s have of course been the subject of several full studies. Gavin Young sails from Djakarta to Sumatra, from Singapore to Bangkok, to Borneo, to the Makassar Strait, but he cannot really add anything of substance to

the biographies and certainly adds next to nothing to our understanding of the imaginative processes of the Polish-born genius.

It is also a shade disappointing that he does not extend his title by moving on to the heart of darkness itself (he used to know the Congo as a reporter), let alone the Venezuelan coast which Conrad glimpsed so briefly as inspiration for *Nosferatu*. But it is not a book to deserve such evil and quibble. All is forgiven for his discovery of the 1900 review of *Lord Jim* in the *Singapore Free Press*: "Lord Jim is a story with a plot laid in Malaya, but 'Tuan Jim' an impossible person who flings over his own story beauty for an unattractive specimen of 'Poor White Trash'."

J.D.F. Jones

tion" was his driving force.

He failed, but he did advance the process, building eventually a remarkable working relationship with Mrs Thatcher. He first made contact with her when she became leader of the Conservatives in opposition, believing then that she was the one politician who could move on the Irish problem, if only she would bend her mind to it. It took time, but it had its successes; together, eventually, they came to share almost a common understanding of the core of the problem: what they could not do was convince the Ulster Unionists that they were acting in good faith. If the Thatcher-Fitzgerald axis could not, one must reasonably ask, who can?

Dominick Coyle

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ARTS

The final fiesta

Patricia Morison on Mexico's cult of the dead

THE MEXICANS have a piquant expression for dying: "He threw away his trainers." But at least Mexican Catholics are consoled by the knowledge that once a year, the dear departed return to earth. Yesterday was the Feast of All Saints when *los angelitos*, the souls of children, returned to their families. Today is All Souls Day, when the bells will again ring out across Mexico. At midday the adult dead will float from the cemeteries back to their former homes, along paths strewn with the golden petals of marigolds. On family altars they will absorb the essences of *ofrendas*, offerings of incense, fruit, flowers, their favourite foods and belongings and, perhaps, if they are lucky, their trainers.

The *Skeleton at the Feast*, which opens today at London's Museum of Mankind, evokes the place occupied by the religious festival of *Todos Santos* in modern Mexican society. It is not in the least a grisly or gloomy show. *Todos Santos* is about feasting, dancing, letting off fireworks, and giving the quick and dead a good time.

Over the last five years, anthropologists Elizabeth Carmichael and Chloé Sayer have amassed a vast quantity of the cheap and cheerful, gaudy bric-a-brac which ordinary Mexicans buy for *Todos Santos*: pottery, toys, sugar skulls and lamb, fancy breads, and paper cut-outs.

There is an army of the famous papier mâché model skeletons, humorous characters shown in everyday situations such as shining shoes or playing tri-*trac*. Distinctly up-market are the magnificent pottery "Tree of Life" candelabras which are specially commissioned as collectors' items. They incorporate a mass of pottery birds, flowers and figures; my favourite shows a Hogarthian story of an unfaithful husband's speedy progress

from the altar to the grave. Why is it that Mexican Catholics should feel quite so passionate about All Saints and All Souls? It only begs the question to observe, as many writers have done, that Mexicans display an unusually frank and even, some say, obsessive interest in death. The answer, not surprisingly, would seem to lie in the pre-Hispanic background of Aztec beliefs about death and regeneration. This fascinating but complex subject is well summarised in the excellent book by Sayers and Carmichael, *The Skeleton at the Feast* (British Museum Press £12.95, 160 pages).

Well was a notion that the Spanish conquerors brought to the Indians. Aztec religion certainly believed in the existence of an after-life; their poetry showed intense speculation as to the forms it took. But the various afterworlds awaiting the Aztecs were perfectly pleasant places. Warriors and women who died in childbirth went straight up to the celestial realm, and after four years, the warriors were reincarnated as hummingbirds.

In the late 16th century, a Dominican friar noted with gloom that the Indians had assimilated All Saints and All Souls to their own Feasts of the Dead - minus, of course, the human sacrifice which saw captives thrown on a fire, their hearts cut out, and their skulls stored on skull-racks. It caused the more thoughtful Spanish missionaries real intellectual difficulties to decide what could be retained of the Indians' past, but also, which part of the Old World peasant "superstitions" they could in conscience allow the Indians to take on board. After all, in Europe, too, the pre-Christian idea of the dead returning to earth lingered on. In rural Greece still today, villagers feed their dead through tubes



In the graves.

in the end, it made no difference whether the bishops in Mexico approved or agreed on their strategies. Festivities in honour of the dead continued to have a markedly pre-Christian cast and provide an anthropologist's field-day. The paper banners and figures, the dancing, a large papier mâché skeleton swarming with brilliant birds and flowers, and above all, the brilliantly decorated sugar skulls, all point to a wonderfully optimistic Aztec view of what is to come.

Todos Santos is changing. The North American idea of Halloween is making its way into Mexico as, alas, it has in Britain during the last decade. Witchies and plastic pumpkins have found their way on to the market stalls. In the exhibition, a re-creation of a

self-consciously "artistic" *ofrenda* suggests the way that Mexican intellectuals and artists have cultivated *Todos Santos* as part of their resistance to cultural swamping from the US. The government, too, is keenly interested in supporting a festivity which exalts the stability of the family.

Out in the villages, the competitive spirit has got in on the act as villages stage the equivalent of "Best Dressed Graves" competitions. And, of course, the element of tourist spectacle grows and grows. Not that there is any reason why the dead should object if they touch down to the sound of whirring cameras and rock-groups, dressed as skeletons, blasting away in the cemeteries. As this exhibition so well conveys, *Todos Santos* is still one hell of a fiesta.

Burrowing into the psyche

Clement Crisp enjoys a ballet encore

SIR KENNETH MacMillan's *The Burrow* was first seen at Covent Garden in January 1988. Inspired by a Kafka story about rabbits hiding in terror from hunters, its theme was claustrophobic fear. With memories of the Holocaust and wartime suffering still fresh, MacMillan's portrayal of a group of people mewed up in a cellar, tearing at each other's psyches, fearful of the inevitable knock at the door, had a terrible relevance, and was seen as a reflection of Ann Frank's story. Three decades later, revived for the Birmingham Royal Ballet, it has lost none of its impact, nor, alas, its relevance.

To say that the ballet has been revived is less than fair to MacMillan and his original designer, Nicholas Georgiadis. Both have re-created, rethought. The designs are new, and as powerful as the old in their oppressive, nightmarish view of an enclosed, degraded community. Memory suggests - and it is a tribute to the force of *The Burrow*'s imagery that after 30 years the dance's outlines still linger - that MacMillan has built upon the original skeleton of his creativity. He has re-worked ideas, but has respected his own earlier style. In certain instances the physical and emotional personalities remain strong. It was in *The Burrow* that MacMillan

first worked with Lynn Seymour, and in re-thinking her role as a Young Lover for Jessica Clarke, the line of Seymour's legs, the thrilling flow of her dancing, still shape the movement.

An added interest of *The Burrow* lies in seeing how MacMillan, early in his career, evolved a process and a language to probe the psyche. Here are the characters cornered by circumstance, like Romeo and Juliet, like Rudolf in *Mayerling*.

Here is choreography probing into personality, to reveal a woman driven to the edge of reason by fear and by the people that surround her; showing us the abominably resilient Joker finally brought face to face with his terror. And here, too, is the young choreographer whose musical sensibilities could extract so much from his score. *The Burrow* is set to Frank Martin's concerto for seven wind instruments and percussion. Its second movement proposes a pendulum-like pulse, and MacMillan uses this to shape the dance's outlines with an extraordinary inevitability and imagination.

In a ballet about cumulative anxiety, MacMillan yet contrives variety - the innocence of two young lovers; a child's game; an old devil and the appalling Joker seen as adversaries - but the abiding impression is of terror which

touches every moment in every life. The blind racings across the stage; the fearful pauses; the sudden outbursts of despair and anger, are very well done by the present cast. Outstanding is Marion Tait as The Woman, a performance perfectly judged in its sense of nerves stretched to breaking point. Very good, too, Michael O'Hare as The Joker, hatefully ebullient until that last moment when his fear must be shown. But each role is clear, sharply drawn by MacMillan, sharply played by BRB's artists. This is a valuable revival - perhaps Peter Wright might now consider rescuing MacMillan's lyrically beautiful *Baiser de la fin* for us.

This new BRB programme, first seen on Thursday night, brought a re-staging of *Les Sylphides*, carefully mounted by Galina Samsova, and rather too carefully danced, though Miyako Yoshida was impeccably pure as the leading soloist, and Sandra Madgwick made something happy of the little waltz. Judy Tyrus and Ronald Perry, guests from the Dance Theatre of Harlem, tore through the *Concerto* duet. Mr Perry grandly pantherish, Miss Tyrus (despite a hideous tutu), very charming. The closing *Five Tangos*, by Hans van Manen, strikes various unconvincing attitudes, and looks as if it were carved out of Edam cheese. After *Tango Argentino*, it makes no sense at all.



Renewed resonance: a scene from "The Burrow"

Nicolai Malt

All eyes on the Tremaines

THE SALE of modern paintings from the Tremaine Collection over the next two weeks promises to bring some life to an otherwise dull Fall season in the New York auction rooms. Eighteen works from the collection will be auctioned at Christie's next Tuesday (Nov 5), when they will provide the main focus among the 25 pictures and sculptures are expected to realise about \$30m to \$40m.

That sum is modest enough, when one considers that at the height of the art-market boom in 1989-90 a single painting by Willem de Kooning fetched \$20.7m, one by Johns \$17.7m, and individual works by Renoir and Van Gogh soared to \$78.1m and \$82.5m, respectively. Three years ago Christie's sold \$3.5m of the Tremaine Collection for a total of almost \$26m, and in doing so set a record for a single-owner sale of Contemporary Art, so the estimate for next week's auc-

tion seems all the more subdued. It provides a fair indication of just how cautious the market for Impressionist and modern art has become.

The collection, regarded as one of the most important of 20th century art in America, was assembled by Burton and Emily Tremaine. Without the enormous wealth that is behind the sale of the great American collections (their fortune was derived from sheet-metal and lighting-fixture), the Tremaines bought with great acumen and insight. Emily Hall Tremaine, whose father had the mines in Montana, began collecting as a young woman, but it was after her marriage in 1945 that the Tremaine Collection really took shape. At first, the couple bought work of established artists, but they soon turned to new American work.

The top lot of the collection is a large Fernand Léger, *Le Petit Déjeuner*, painted in 1921: it is estimated at \$8m to \$10m. The auction record for the artist is the \$14.7m paid at Christie's in London in 1989. The Tremaine picture is a witty composition of three monumental nude women improbably nipping tea in a decorative post-Cubist interior. It is a masterpiece in the Museum of Modern Art, New York, and was purchased by the Tremaines about 1946.

Almost as important is a

beautiful oil of 1913 by Juan Gris, which is estimated at \$3m to \$4m. More decorative than the cubist Impressionist paintings of Braque and Picasso, the picture was once owned by the American collector, John Quinn. The Tremaine Mondrian, *Composition 1935-42*, is estimated at \$4m to \$6m, a modest sum compared with \$11m paid for a 1941 Newhouse reportedly paid about 1988 for another Mondrian from their collection. The other major

Homan Potterton previews the New York sales

works in the sale are a circular-shaped canvas by Delaunay of 1912, *Première Disque* (estimated \$2m to \$3m), a Jasper Johns of 1959, *Device Circle* (\$5m to \$7m), and Willem de Kooning's *Villa Borghese* (\$4.5m to \$6.5m). The dispersal of the Tremaine pictures, Christie's will sell other Impressionist and Modern works from various collections. Of particular interest is a series of four paintings, *The Seasons* by Camille Pissarro, to be sold as a lot with an estimate of \$7m to \$9m. These were commissioned in 1872 by the banker, Gustave Arosa. Also in this season is an attractive study of a seated woman by Paul Gauguin, estimated at \$5m to \$6m, and a rather sickly Renoir of the artist's son, Jean, (\$2.5m to \$3.5m), and a charming pastel by Mary Cassatt of her niece holding a dog (\$1.2m to \$1.6m).

Sotheby's sale of Impressionist and Modern art in New York next week (Nov 6 and 7) will also attract considerable interest. The highest figure is expected for a fine Sisley of one of the artist's favourite subjects, the river at Saint-Mammes. Painted in 1885, it is estimated at \$3m to \$4m. Pissarro is represented with three canvases at estimates of between \$1m and \$2m, and other highlights are a still-life by Fantin-Latour that was commissioned by Whistler in 1888 (\$1.5m to \$2m); a Degas, *Danceuse*, of 1877 (\$1.5m to \$2m); a Berthe Morisot study of a young girl at a piano (\$1m); and an almost abstract pen-and-ink drawing by Van Gogh (\$1.75m to \$2.25m). It was just such a drawing, although a larger and finer example, which set a record when it sold at Christie's for over \$8m last year.

Of particular interest in the Sotheby's sale are several Surrealist works. This is a rather specialised market and, probably for that reason, prices have held up over the past year or two, when other, more popular artists have plummeted. Indeed, with going prices of about \$2m for a good Magritte, the Surrealists seem undervalued. Sotheby's have two Magrittes on offer next week. A headless nude torso of a woman poised above some metal pipes, *Le Buste Impossable*, of 1936, is expected to fetch \$1m to \$1.5m, and a later canvas of two female nudes, dated 1943, is estimated at \$600,000 to \$800,000. A De Chirico townscape of 1913 that was once in the Museum of Modern Art, New York, is estimated at \$2.5m to \$3.5m.

Radio A matter of life or death

FILE ON 4, Radio 4's *Panorama*, dealt this week with euthanasia. Largely it was about Holland, where euthanasia is legal, but it began with two English cases. One was a woman whose husband, an ageing academic, was virtually helpless. She helped him to take a fatal dose of pills and fixed a plastic bag over his head. He was dead in half an hour. She reported that he had died while she was out of the room, and was never charged. The other was a football fan who, ever since the Hillsborough disaster, has been kept alive in a vegetable state only by a feeding-tube. To hold up over the past year or two, when other, more popular artists have plummeted. Indeed, with going prices of about \$2m for a good Magritte, the Surrealists seem undervalued. Sotheby's have two Magrittes on offer next week. A headless nude torso of a woman poised above some metal pipes, *Le Buste Impossable*, of 1936, is expected to fetch \$1m to \$1.5m, and a later canvas of two female nudes, dated 1943, is estimated at \$600,000 to \$800,000. A De Chirico townscape of 1913 that was once in the Museum of Modern Art, New York, is estimated at \$2.5m to \$3.5m.

for euthanasia were made there last year, 35 per cent of them were accepted. For doctors the question is ethical as well as legal. There is the "slippery slope" where lives are "not worth saving". The feature was neutral.

Wonderlandscapes, six comic elaborations of the life and times of C.J. Dodgson, alias Lewis Carroll, assembled by Michael Bakewell, is on Radio 4 at morning-coffee time on Wednesdays. To the actual admitted ending of his life three times after "patient-centred" decisions. A doctor speaking for the hospice movement, on the other hand, insisted that great medical care could be given for every need until life ended naturally. In Holland, the patient must be in great suffering, must have asked for the action, and his doctor and one other must agree. Nine thousand requests

gramme was Carroll's trip to Moscow. "Twice brilliant" was a sort of dog-Russian. Rosemary Hart directs.

On Halloween, Radio 5 gave us, complete, the presentation by Orson Welles of H.G. Wells' *The War of the Worlds* that so scared the Americans on Halloween of 1938. It was updated, with aircraft instead of ships, and moved from Surrey to New Jersey and New York. It didn't include the horrid bit about the curate eaten by the Martians, but it was a fine item of mock-realism. The Martians ended with only a few decrepit fighting machines, birds tearing at the flesh of their crews, killed by terrestrial bacteria. It went out after 9pm, so any young people frightened must blame themselves.

The Japan Season on Radio 3 ended on Friday with *Exile*, a brief play that was also a demonstration of Noh. Zeami, the

great Noh master, was sent to a deserted island in 1435, when, aged 72, he angered the Shogun by choosing the wrong successor for his company. His play *Shunkan* was about a trust estate, likewise, and *Exile*, by Iim Pohn Shim, combines the two cases - Robert Eddison is both Zeami and Shunkan on the island. He would be the *shite*, the main player, on the stage. Andrew Winocot as Zeami's son Motomasa, is the *wakei*, and relates the misfortunes of his generation. Nicky Henson is the Chorus, partly commentator.

The play is written in the style of Zeami, with introduction, development and climax (Zeami called it *kyōka*, or "call"), and convincing Noh-style dialogue; but radio could not include the songs and dances where they should be, so they were not included at all, nor the music. But the *Noh* actor, Naohiko Uemura, chanted some of Zeami's lines to show us how they sounded. Even after the opening talk, I reckon that listeners with no initial idea of *Noh* would not have learned much from *Exile*, but it is made them want to see the real thing, that was well worth doing. The director was Piers Plowright.

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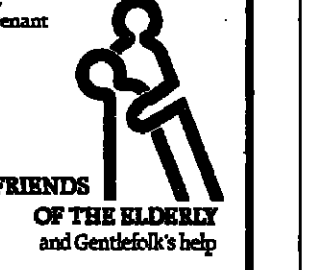
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XXIV WEEKEND FT



THE PRINCESS of Wales, we are probably unrelentingly informed by the newspapers, is not amused. In case you read only the *Financial Times*, a newspaper with a slightly old-fashioned reluctance to discuss the affairs of the Royal Family, I had better explain.

On the tour of Canada by the Prince and Princess of Wales, the lovely Diana was assigned her usual round of visits to the sick and dying: this is a person who never seems to suffer from compassion fatigue, even when jet-lagged. At one of the hospitals on the tour, the Heart Institute at the University of Ottawa, the Princess was filmed looking, as ever, wide-eyed

Princess Diana sees the sick side of life

Dominic Lawson finds a clue to royal reality in the strange case of the healthy Canadians

with genuine sympathy and concern, as she spoke to and sometimes touched the patients. Then a funny thing happened: immediately after the Princess and her entourage left to move on to the next clinic, hospital or hospice, all the patients in the Ottawa Heart Ward got out of bed, dressed and went home. A modern miracle? Did the beautiful Princess tell our crippled colonial cousins: "Pick up thy bed and walk"? Unfortunately, no. The ward was so new that it did not have any patients. The Canadians under the bedclothes were perfectly

fit, albeit former patients of another ward within the same hospital. Of one of the "patients" the *Daily Mail* reported: "Within minutes of the Princess's departure, salesman Dick Kemp, 67, leapt out of bed and pulled on a grey business suit and set off back to work."

This sent the more experienced Royal Family watchers into their cuttings-book, to recall the time when the management of Corby steelworks, preparing for a visit from the Queen, took out the existing lavatory and replaced its plastic seat with one inlaid with moth-

er-of-pearl; or the time when a Newcastle council estate tidied up its front gardens ahead of a visit by the Princess Royal, but forgot the back, which naturally and embarrassingly the Princess asked to see. These incidents are judged less heinous than the affair of the Ottawa clinic here, it is claimed, the Royal Family have been made an unwitting party to some sort of trick, and, as a result, journalists - heaven help us - were duped into portraying a fiction as a fact.

But I am not convinced that the deception practised on our wonder-

ful future queen was so much worse than the standard run or artifice which follows the Royal Family wherever it goes. Normally, I do not bow to people. I would bow to a member of the Royal Family, unless asked not to. I would also walk out of a room backwards from such a meeting, although it is not my normal custom so to do. You could argue that these are merely formal marks of respect, not abnormal at all. But I can think of few people who would behave normally in any sense of the word if suddenly thrust into the company of

the Prince and Princess of Wales, or the Queen and her Consort. These two couples must constantly be encountering - even at the dinner-table - apparently intelligent men smiling maniacally like idiots, normally reserved wives laughing hysterically at the merest whiff of humour, in rooms smelling of much of Duhux than the normal aroma of food and drink is completely obliterated.

I am certain the former Lady Diana Spencer, having spent a number of years sharing a flat in south London with a number of

other girls of non-royal blood, realises that almost everything she sees in her role as the wife of the future King of England is tainted with oddity, artifice and make-belief. I am not so sure about her husband, on whom the enveloping oddness seems to have rubbed off.

And I am not as sure as some writers that the Princess of Wales will be so angry at the little trick played on her in Canada. To spend much of one's time visiting only people with terrible diseases, such as AIDS or leprosy, is by no stretch of the imagination normal. These are people at the extremes of human experience. The healthy Canadians beneath the fresh linen sheets in the Ottawa Heart Ward were probably the most normal the Princess will see on her tour.

Dominic Lawson is editor of The Spectator.

IN THAT flock of the famous Arthur Miller is a rare bird, he is impressive at any distance. It is not just his physical height or the height of his reputation that make people look up to him but his very uncommon ordinariness. When you meet Arthur Miller you meet the man, not the famous writer.

At 76, lean and leathery as a cowboy, Miller shows one symptom only of old age: he has forgotten to look at the calendar. He is still writing, still risking his literary neck. I asked why.

"It's another challenge. It just keeps me alive. It makes me feel, it puts me on the edge again, you know. I don't have to work to support myself but I do have to work to keep reorganising the world as I see it."

"Basically I think I'm writing because I feel I've found some principle of order which is very inviting to me, a principle of order for my own emotions and for my own observations about life."

His new play, *The Ride Down Mount Morgan*, had its world premiere in London on Thursday. Almost ten years in the writing, it is a comedy on the theme of a big man's selfish dilemma. (Bigamy may be a sort of joke but it's a joke that can kill you, Miller said.)

"The protagonist, Lyman Felt - 'the toughest thing I've ever written, for the actor' - is, unlike his precursor Willy Loman, a successful insurance salesman who demonstrates that a man can be loyal to himself or to others, but not to both, 'at least not happily'."

I asked: Do you feel you, too, have had to live at the expense of others?

"Always. Sure, sure. There is an inevitable dialectic going on. You put this play and you draw something out of the opposing side, sure. This solution will never end. There's no neat solution to it."

It is tempting to see in *Mount Morgan* another working out of Miller's own guilt for the failure of his first marriage and the tragedy of a big second, to the supremely desirable but self-destructive Marilyn Monroe.

Lyman Felt chose to keep both wives, I said. You had to divorce one in order to marry the second.

"Well, I'm pretty remote from this situation in the tragic sense of the fact, but obviously for me to write about it convincingly, I have to participate in it emotionally. If it had no application to me, I wouldn't be able to write the damn thing. But in point of fact, he's a different man than I am."

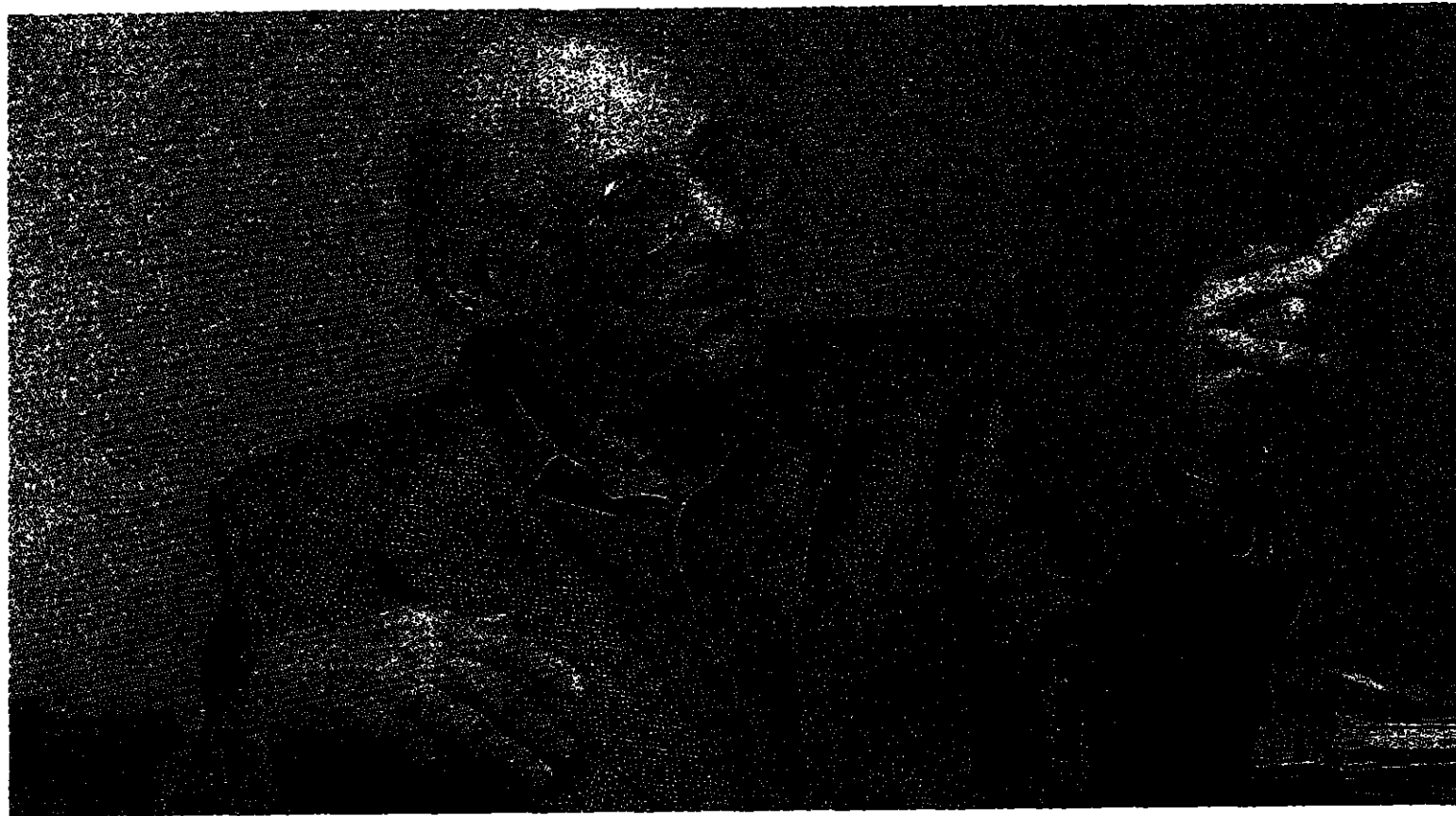
Miller sat with his long legs out, reciting in husky Brooklyn drawl the choicest lines from the play to illustrate its paradoxes. His arms are as long as an orang-utan's; his big hands are not the soft paws of the pen-pusher but belong to a farmer or factory worker. When he is not writing, he is a carpenter who makes furniture for his house in Roxbury, Connecticut. Making real things is his relief from shaping abstractions.

"Some of them are pretty nice and I do stuff around the house. We (he means his wife nearly 30 years, the Austrian-born photographer Inge Morath) live out in the country and we have this house that's always needing some kind of repairs."

Miller won prizes for his plays while still a poor college student. The younger son of an old-line liberal Polish-Jewish garment manufacturer in New York, almost ruined in the Depression, Miller was a loner, not without a streak of arrogance, who was determined to succeed. He was drawn by the sheer sublimity of the New York theatre. But not only that.

"I've often thought that real playwrights have a deformation of the head. You see things in terms of confrontational scenes, rather than novel-writers who see things in terms of long paragraphs and descriptive writing. I love the fact that with one line, I can just penetrate a crowd of people. It's magical." Miller stabbed a long finger into an imaginary audience.

"You can do that if you create a structure that's intense enough. Like in this play, when Lyman asks Tom the lawyer about the problem of



Private View

The people's playwright

reaching the truth and Tom says: 'Maybe all one can do is hope to end up with the right regrets.'"

"And I can see what happens to the audience when he says that. They all go Whoosh! Some of them are squirming. Some of them are ready to applaud. You know that recognition, that moment of recognition, is priceless." He grinned like a happy urchin.

You were pretty competitive?

"Very."

Are you still competitive?

"Not really that way, anymore. I'm competing with myself more than anything else. Not that there aren't playwrights as good or better than I am. But, you know, after a while you realise... You launch certain boats and they sink. You launch certain boats and they continue floating. Well, it's not always up to you. It depends on the magic of the connection with the zeitgeist."

But you were determined to be famous, or successful?

"I was determined to be the best playwright there ever was. It's as simple as that."

Are you surprised that you turned out as well as you did?

"Well, I often feel that I should go back and write all the plays I didn't write. Because I haven't written that many. I tell you, I don't often feel all that successful. I feel that the next one is really going to be terrific."

Are you a contented man?

"More than I've ever been in my life. Partly because of the work and partly because... I tell you, I guess I can tolerate more. I've said before, but I see the repetitiveness, the presumptuousness of man. It just stuns you sometimes to see the same thing happening again and again."

Still looking for the raw-nerved writer inside this affable, lanky American. I asked: Is there still an unsatisfied bit of you inside?

"Oh, yeah, I'd love to write a really great play!"

What would it be about?

He didn't answer directly: "You see, my whole drift has been towards trying to create a play which in one and the same moment delivers up a human being and a society. I've tried that in so many different ways, some-

times emphasising the human being more than the society, sometimes the society more than the human being. Because I really do believe that we are created as much as we create."

In your autobiography you say that a play is a love letter to the world, which is a nice phrase. What does it really mean?

"I mean by that, I think, that I can't write a sustained work where my feeling for the people is not positive. Even when they're negative characters. For me to write the play, I have to love them somehow."

Were you lonely most of your life?

"Yeah, well, I still am a lot of the time."

And do you have enemies?

"Plenty. Oh, yes."

Of your choosing, or their choosing?

It's time to honour Arthur Miller, and Reagan figured oh, yeah, yeah, he was married to Marilyn Monroe, yeah, I know him."

Miller's political anger has been dulled by the blurring of the meaning of Left and Right, the final discrediting of the socialist Utopia. Asked if he was still a left-winger, he replied: "I don't know where the outlines of this thing are any more."

Perhaps you never wanted to be seen as a left-winger in your writing.

"I never was. The truth of the matter is that what I was dealing with was not problems but people. And that's one of the reasons I think that those plays can still be done and seem contemporary."

In spite of his sense of *deja vu*, Miller says he believes in progress - he cited the control of racism and the

promotion of women. Gone were the days when "you couldn't have a discussion about anything without being called a communist."

He is optimistic too, about the outcome of the cultural struggle in the US - the claims of Blacks, Hispanics, Asians - which he thinks may lead to a redefinition of the country.

Do you still believe in a common thread that links everybody together?

"I sustain it sometimes by sheer acts of will. Because I think if we lose it, then you might as well just buy a very good gun and a thick door, put bars on the windows and pass your time on this earth in that mode. And I really don't see that that's a future worth bothering with."

Social fragmentation had taken its toll of theatre audiences, while in New York serious drama had been priced out by theatre owners' greed. "Any theatre has to have some kind of coherent common set of values for an audience. They don't know when to laugh together otherwise! They've got to see the same thing as being

Arthur Miller's latest play received its premiere in London last night. He reviews his life and work with Christian Tyler

"Oh, no, of their choosing. I don't want anybody to hate me. But there are plenty, sure. They think my work is stuff and nonsense and they do everything they can to knock it down."

Whatever you think of his plays, Miller in person conveys an unusual authority. Perhaps it is because he does not regard himself as an intellectual or someone who is reminded of his regard for the humble people who toil at the base of society's pyramid, or because you remember his courage in defying the Congressional witch-hunt of left-wing artists in the Fifties.

What does Miller make of the plaudits he now receives from the same Republican right-wingers who would have hounded him 36 years ago?

"What they're doing is purely public relations." He described a recent award ceremony. "Reagan was present, and I must say I enjoyed his being there. He's very amusing, you know, in a crazy way. But he probably knew nothing about what I write or anything else. They figure, well,

funny or tragic or whatever."

You might ask instead if the theatre is redundant, I said.

"I've asked myself that question many times. But I've had the experience of my plays being produced in all kinds of cultures simultaneously. I've got a play now running in Ireland, another one in Italy, another one in Russia. If they can all respond to the same thing, then I have a right to say there's one humanity. Politically, obviously, it isn't so. But maybe, ultimately, it can be so."

I asked Miller about his mortality. Are you conscious of having balanced your account?

"I don't think in those terms. I think... He paused. "See, I am in those plays. It's a curious thing to say, but I am there more than I am anywhere else. And if they're accepted or rejected, then I am accepted or rejected."

"I've seen so many writers who were thought to be permanent fixtures. Their names are simply gone in a generation. And I'm sure that this is going to happen to me."

Don't you want to get down on your knees and ask God to make sure you don't disappear?

"Yeah, sure. One of the biggest impulses in a long career of writing is to secure a place - right? - on the mountain. But the theatre exhausts its fodder. Suddenly nobody wants to hear that news anymore. It's a thing of fashion, too. It's like clothing. People put it on, take it off. I'm quite amazed sometimes that I've lasted this long."

I asked whether he would feel unfulfilled if he died tomorrow.

"I'd feel that I would be missing a lot."

The character in this play says at one point: "I know what's wrong with me. I can't ever stand still for Death... you've got to stand there, nobly and serene and let Death run his tape out your arms and around your belly and up your crotch until he's got you fixed for that last black suit. And I can't, I won't."

I nodded.

"And I feel that way."

Miller's new play, world premiere review, Page XXII

Diary of a somebody

Nigel Spivey

ONE HAS to feel sorry for the people of East Berlin. They have been launched into a market economy, but they have barely anything to sell. Some try to convince you that their cars are collectors' items. Others peddle chunks of masonry and the pathetic memorabilia of the Cold War musketeers.

I went to gawp at the Brandenburg Gate, and found myself in an improvised flea market. Out of pity I stopped and looked over some domestic relics which one desperate East Berliner had laid out, with touching reverence, upon a Red Army blanket. Among the junk there was a battered leather attaché case, which looked as though it could be salvaged for some use. I bought it, and left it to age further in a corner of my study. But I have now had it stitched up again; and I find that I have more than I bargained for.

The case came back from its repairs with an envelope, containing some papers which, apparently, had been tucked at the bottom of an inside pocket.

They are crumpled scraps: sundry bills for a Hotel Alond, dated to June 1941; and two pages torn from a diary or notebook, which look to be of similar date as the hotel bills.

Now these are only scraps. And I can tell you straight away that they are not the Hitler Diaries. Nonetheless, they constitute a historical document. Here, for the first time, is a published transcription:

"I say, I feel we may make something out of Klaus Klaus. It is a queer old bird, absolutely as rummy as they come, but he turned up trumps this morning. Blow me if the old egg didn't rustle up a sausage. A positive and distinct sausage, delishious in the middle of a plate with all the gravity of an analytical chemist about three equations away from the Nobel Prize. 'Klaus, I said, 'you're a scout. What are you, laddie? A scout? You saw a chap was peckish, and you widdle out a sausage. I call that top-hole, in times when the trough looks decidedly low.'"

Dashed difficult to get a flicker of mirth from old Klaus. Klaus, you might say, has a particularly delicate sense of the pip. When it comes to browsing and shuicing, Klaus is a slizzer. Mops it up in the kitchens, then spends the rest of the day brooding about some piece of shrapnel he picked up in Pussendallville which keeps sliding about in his gizzards. But full marks to Klaus for that sausage. If ever a fellow needed extra fortification, today was the day. It was marked by a deafening rattle of top brass. "The blighters in the top brass always put a chap in an awkward spot. They come hooting along in full livery,

snap their flinty heels, and whack out an arm like the really New York traffic police. A chap finds it jolly tricky to shake a paw when the other chap's arm is up stopping traffic."

"So he vaguely scratches a point just behind his right ear, wondering the while if this manoeuvre passes for politeness in the handbooks of Prussian etiquette. Then they open the thorax to full throttle with devotions to their Phew-rah, while a chap clutches for some handle on their sobriquets. Not the sort of fellows with whom a chap exchanges a bit of badinage to restore his natural equanimity. Who was the blighter this morning? Von Woodentop? Von Rubberneck? Dashed if I remember."

"Only sort of cove, but I daresay he's kind to animals and all that, which is more than you can say for Harry Gerbilis."

"The Gerbilis chappie fair does give a fellow the pip. Looks you over as he might inspect some lower form of pond life. Jaws like a bishop, talking the most frightful tosh. And laughs like a man who was a strict diet of broken bottles from his earliest infancy."

"The he

perishers have asked a fellow to stagger over to a studio and say a word or two about life in an Upper Silesian lunatic asylum. Seems a bit ripe, putting a chap in the jug for four months and then asking him to crack jokes about it on the air, eh? Can't say it's the swiftest proposition. But then you could say that too, I say, what's the word, unconfronted? among these Nasties. When you see them legging it up and down the streets, you get a powerful urge to administer the raspberry. But the thing with this Klaus is that he means. Is that even if he, personally, does not sandpaper the cheeks of anyone caught blowing a raspberry in his direction, then he gives a dashed good impression of a fellow who would. He has the air of a chap who knows perfectly well how to butter another chap across the pavement."

"There are times when a chap needs to summon the old Agincourt spirit, and go galloping bang-bang in the breach. And there are times when the breach simply falls to beakon."

"When a chap stares down a muzzle and bites the old bullet. This is a case, as they say on the Riviera, of force majeure."

(The manuscript ends here.)

As I say, these are not the Hitler Diaries. They may indeed carry no historical importance at all. But I publish the scraps, such as they are, in the faith that someone will be able to throw a little light on their author.

Toodle-pip!

HAWKS & HANDSAWS

Waiters are London restaurants so expensive? Empty tables tell them that the recession is keeping customers at home. Yet many still behave as if they had been granted a special dispensation from the price mechanism.

No doubt we would all drive Rolls Royces, eat lobster and drink first growth Claret if price were no constraint. But in the real world we turn from things which are too expensive to those we can afford. Restaurateurs seem not to understand this. Take a recent recent radio commercial on Jazz FM, for example. It waxed lyrical about the restaurant's "inventive" cooking, the warmth of its welcome and its ambience: but of its prices, not a word.

Is this typical British reserve, a reluctance to talk about "sordid cash", or a failure to learn from the experience of restaurants and hotels in many other countries: that discounts can be good for business.

Many London establishments head the international price league and show no sign of relinquishing this dubious title, despite being badly buffeted in the first half of 1991. The late, long hot summer undid the small recovery many

Waiter! there's a '0' on my bill

Nicholas Lander says London restaurants need a sharp lesson in economics

experienced in May and June. But where now are the inducements to go out and eat? Not in my In-tray.

The Savoy Group, which reported a first half loss of £874,000 despite an average room rate of £208, decided not to lower its prices, although occupancy was down from 72 per cent to 53 per cent. Instead, it offered a limousine to meet you at the airport and free golf at Wentworth. Compare this with the reaction of a top hotel in Houston, Texas, to a sharp reduction in trade: it offered a room rate equal to the numerical value of the day of the month. Book in on the second of the month and a room cost you \$2 a night - delay your visit until the 30th and you paid \$30. The logic is simple: the marginal cost of filling an empty bed is very small, and any guest on the premises is better than none. It is not too late for a far-sighted hotelier to offer a similar deal for the traditionally quiet months of January, February and

March 1992.

Nor do you not have to be a "parvenu" to make such offers. This summer has been one of the worst ever on the C&A's with custom down between 30 and 50 per cent. There, however, the hotels were blatant about inducements, discounting room rates, to pull in guests who would spend money in their bars, restaurants and casinos.

In Sydney, Australia, where the cooking can be every bit as good as London's and the recession has been worse, a well known restaurant on the Circular Quay, which opened when the economy was booming, offered lunch at £12 and free dessert while you watched the ferries come and go. The top restaurants, even in the most expensive hotels, are busy in the evening with petits fours and coffee thrown in free and with prices very much reduced to the £15 to £20 bracket.

In Manhattan, the aftermath of Black Monday closed many restau-

rants. One that did not, and now boasts higher volume, profits and customer satisfaction is the Union Street Café. Its owner, Danny Meyer, greeted his first, excellent reviews in 1986 by lowering prices, a policy he has pursued vigorously. With the bill, every customer receives a small card on which to express satisfaction, or not, and the opportunity to receive the restaurant's quarterly newsletter aimed at turning first-time customers into regulars.

Nothing like this is happening in London. A recent dinner in a top London restaurant proved this point in a costly fashion. The menu badly stated that there was a minimum charge of over £40 per person. When we arrived at 9.00pm it was busy, but only four customers came in after us. There was no discount for meals after 10.00pm, for example, which would allow the restaurant to turn tables, maximise revenue, pay the rent more easily, win

new customers and reduce costs per head.

This insensitivity to the importance of price may lead many hoteliers and restaurateurs to miss the changes that are affecting their customers. Once the recession is over, hotel suites and grill rooms may be full. But corporate costs will still be strictly controlled and any financial director, in New York, Frankfurt or Tokyo, will need a lot of convincing that a "free" limousine from the airport and an hotel bill of more than £200 a night, as cheap as a £230 tube fare and a comfortable room at £100 per night.

The continuing high level of unemployment will also be important. As companies are forced to shed staff, they will be wary of anything that could be misconstrued as lavish entertaining. In November 1990 one leading hotel chef told me that a large public company had just cancelled its three Christmas dinners, each for 500 guests,



because it was aware of the redundancies it would have to make in 1991. It has not rebounded this year.

Nor are the British yet a nation of restaurant-goers in the way the French, Italians and the Spaniards are. While the recession in Europe has forced frequent restaurant-goers down market - the competitive, busy price range in Paris is now £18

for lunch and £25 for dinner including service - in the UK, many have just dropped what was a newly found habit. The saddest restaurant casualties of this recession are not in the West End nor the City but in the suburbs and outside London where neighbourhood restaurants, dependent on customers paying with their own money, have seen trade evaporate.

As the tables of corporate credit card holders and "yuppies" have disappeared, they have not been replaced. Those who have benefited from the recent high interest rates, with their mortgage paid and their children fully educated, tend to be from a generation who look on a meal in a restaurant as a luxury. They will still eat out occasionally but otherwise will eat well at home with a good bottle of wine - possibly why local wine merchants have weathered the recession better than many restaurants.

"Value for money" is the current phrase which chefs and managers are using, but it is a maxim that is still not being applied stringently enough. Affordable prices, the bottom, all inclusive, reasonable figures on the bill, are needed to stimulate demand and lead us back into restaurants and hotel dining rooms.